
# L.B. Foster Company Earnings Presentation

## Nasdaq - FSTR

November 7, 2024

# Safe Harbor Disclaimer

LBFoster

## Safe Harbor Statement

This presentation may contain “forward-looking” statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. Forward-looking statements provide management's current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. Sentences containing words such as “believe,” “intend,” “plan,” “may,” “expect,” “should,” “could,” “anticipate,” “estimate,” “predict,” “project,” or their negatives, or other similar expressions of a future or forward-looking nature generally should be considered forward-looking statements. Forward-looking statements in this presentation are based on management's current expectations and assumptions about future events that involve inherent risks and uncertainties and may concern, among other things, the Company’s expectations relating to our strategy, goals, projections, and plans regarding our financial position, liquidity, capital resources, and results of operations and decisions regarding our strategic growth initiatives, market position, and product development. While the Company considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory, and other risks and uncertainties, most of which are difficult to predict and many of which are beyond the Company’s control. The Company cautions readers that various factors could cause the actual results of the Company to differ materially from those indicated by forward-looking statements. Accordingly, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Among the factors that could cause the actual results to differ materially from those indicated in the forward-looking statements are risks and uncertainties related to: a continuation or worsening of the adverse economic conditions in the markets we serve, including recession, the continued volatility in the prices for oil and gas, project delays, and budget shortfalls, or otherwise; volatility in the global capital markets, including interest rate fluctuations, which could adversely affect our ability to access the capital markets on terms that are favorable to us; restrictions on our ability to draw on our credit agreement, including as a result of any future inability to comply with restrictive covenants contained therein; a decrease in freight or transit rail traffic; environmental matters and the impact of recently-finalized environmental regulations, including any costs associated with any remediation and monitoring of such matters; the risk of doing business in international markets, including compliance with anti-corruption and bribery laws, foreign currency fluctuations and inflation, global shipping disruptions, and trade restrictions or embargoes; our ability to effectuate our strategy, including cost reduction initiatives, and our ability to effectively integrate acquired businesses or to divest businesses, such as the recent dispositions of the Track Components, Chemtec, and Ties businesses, and acquisitions of the Skratch Enterprises Ltd., Intelligent Video Ltd., VanHooseCo Precast LLC, and Cougar Mountain Precast, LLC businesses and to realize anticipated benefits; costs of and impacts associated with shareholder activism; the timeliness and availability of materials from our major suppliers, as well as the impact on our access to supplies of customer preferences as to the origin of such supplies, such as customers’ concerns about conflict minerals; labor disputes; cybersecurity risks such as data security breaches, malware, ransomware, “hacking,” and identity theft, which could disrupt our business and may result in misuse or misappropriation of confidential or proprietary information, and could result in the disruption or damage to our systems, increased costs and losses, or an adverse effect to our reputation, business or financial condition; the continuing effectiveness of our ongoing implementation of an enterprise resource planning system; changes in current accounting estimates and their ultimate outcomes; the adequacy of internal and external sources of funds to meet financing needs, including our ability to negotiate any additional necessary amendments to our credit agreement or the terms of any new credit agreement, the Company’s ability to manage its working capital requirements and indebtedness; domestic and international taxes, including estimates that may impact taxes; domestic and foreign government regulations, including tariffs; our ability to maintain effective internal controls over financial reporting (“ICFR”) and disclosure controls and procedures, including our ability to remediate any existing material weakness in our ICFR and the timing of any such remediation, as well as our ability to reestablish effective disclosure controls and procedures; the results of the UK’s 2024 parliamentary election, uncertainties related to the U.S. 2024 Presidential election and any corresponding changes to policy or other changes that could affect UK or U.S. business conditions; other geopolitical conditions, including the ongoing conflicts between Russia and Ukraine, conflicts in the Middle East, and increasing tensions between China and Taiwan; a lack of state or federal funding for new infrastructure projects; an increase in manufacturing or material costs; the loss of future revenues from current customers; any future global health crises, and the related social, regulatory, and economic impacts and the response thereto by the Company, our employees, our customers, and national, state, or local governments, including any governmental travel restrictions; and risks inherent in litigation and the outcome of litigation and product warranty claims. Should one or more of these risks or uncertainties materialize, or should the assumptions underlying the forward-looking statements prove incorrect, actual outcomes could vary materially from those indicated. Significant risks and uncertainties that may affect the operations, performance, and results of the Company’s business and forward-looking statements include, but are not limited to, those set forth under Item 1A, “Risk Factors,” and elsewhere in our Annual Report on Form 10-K/A for the year ended December 31, 2023, as amended on November 1, 2024, or as updated and/or amended by our other current or periodic filings with the Securities and Exchange Commission.

All information in this presentation speaks only as of November 7, 2024, 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 EBITDA margin
- Net debt
- Gross Leverage Ratio per the Company’s credit agreement
- Funding capacity
- Free cash flow
- Free cash flow yield
- New orders
- Book-to-bill ratio
- Backlog
- Organic sales growth (decline)
- Enterprise value
- Other certain metrics, as indicated, adjusted for non-routine items

The Company believes that EBITDA is useful to investors as a supplemental way to evaluate the ongoing operations of the Company’s business since EBITDA may enhance 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 measure 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. Adjusted EBITDA adjusts for certain charges to EBITDA that the Company believes are unusual, non-recurring, unpredictable, or non-cash. In 2024, the Company made adjustments to exclude the gains on asset sales, restructuring costs and certain corporate legal costs. In 2023, the Company made adjustments to exclude the loss on divestitures, expenses from the bridge grid deck product line, bad debt provision for customer bankruptcy, and contingent consideration adjustments associated with the VanHooseCo acquisition. The Company also discloses adjusted EBITDA margin, which is Adjusted EBITDA as a percent of net sales, which is useful to demonstrate adjusted EBITDA levels and growth relative to sales. Organic sales growth (decline) is a non-GAAP financial measure of sales growth (decline) excluding the effects of divestitures and product exits. Management believes this measure provides investors with a supplemental understanding of underlying trends by providing sales growth on a consistent basis. Management provides organic sales growth (decline) at the consolidated and segment levels. Portfolio changes are considered based on their comparative impact over the last twelve months, to determine the differences in year over year results due to these transactions. The Company also excluded the impact of non-routine items from certain metrics as indicated, in order to provide insight to Company performance on a base level without these non-routine items, which is useful to investors to better understand performance. The Company views net debt, which is total debt less cash and cash equivalents, and the Gross Leverage Ratio, as defined in the Second Amendment to its Fourth Amended and Restated Credit Agreement dated August 12, 2022, and the Fourth Amended and Restated Credit Agreement dated August 13, 2021, as important metrics of the operational and financial health of the organization and believe they are useful to investors as indicators of its ability to incur additional debt and to service its existing debt. The Company discloses funding capacity which is the net availability under the revolving credit facility plus cash and cash equivalents which the Company believes is useful to investors as it demonstrates the borrowing capacity of the Company. The Company believes free cash flow is useful information to investors as it provides insight on cash generated by operations, less capital expenditures, which we believe to be helpful in assessing the Company's long-term ability to pursue growth and investment opportunities as well as service its financing obligations and generate capital for shareholders. Additionally, the Company's annual incentive plans for management provide for the utilization of free cash flow as a metric for measuring cash-generation performance in determining annual variable incentive achievement. The Company discloses free cash flow yield which is free cash flow per share over the market share price and is useful to investors as a measurement of shareholder returns. The Company defines new orders as a contractual agreement between the Company and a third-party in which the Company will, or has the ability to, satisfy the performance obligations of the promised products or services under the terms of the agreement. The Company defines book-to-bill ratio as new orders divided by sales. The Company believes this is a useful metric to assess supply and demand, including order strength versus order fulfillment. The Company defines backlog as contractual commitments to customers for which the Company’s performance obligations have not been met, including with respect to new orders and contracts for which the Company has not begun any performance. Management utilizes new orders, book-to-bill ratio, and backlog to evaluate the health of the industries in which the Company operates, the Company’s current and future results of operations and financial prospects, and strategies for business development. The Company believes that new orders and backlog are useful to investors as supplemental metrics by which to measure the Company’s current performance and prospective results of operations and financial performance. Note: The Company corrected certain errors in previously reported 2024 quarterly financials, and certain immaterial errors in 2023 previously reported financials. All comparisons are based on the corrected historical results. The Company discloses enterprise value which is calculated as the current share price by the total outstanding shares plus the Company's net debt. The Company believes is useful to investors as it reflects the current valuation of the Company.

The Company has not reconciled the forward-looking adjusted EBITDA, adjusted EBITDA margin, enterprise value, net debt, free cash flow, and free cash flow yield to the most directly comparable GAAP measure because this cannot be done without unreasonable effort due to the variability and low visibility with respect to certain costs, the most significant of which are acquisition and divestiture-related costs and impairment expense. These underlying expenses and others that may arise during the year are potential adjustments to future earnings. The Company expects the variability of these items to have a potentially unpredictable, and a potentially significant, impact on our future GAAP financial results.

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, organic sales growth (decline), net debt, funding capacity, and adjustments to exclude one-time adjustments made are included in this presentation.

# L.B. Foster Overview

## Innovating to solve global infrastructure challenges

- Founded in 1902; headquartered in Pittsburgh, Pennsylvania
- Locations throughout **North America, South America, Europe, and Asia**
- **18** principal plants and offices; **~1,100** employees worldwide[2]
- Critical **infrastructure solutions provider** focused on growing innovative, **technology-based** offerings to address our customers' **most challenging operating and safety requirements**

| 2024 Guidance (As of November 7, 2024) | Low | High |
|---|---|---|
| Revenue | $ 530 | $ 540 |
| Adj. EBITDA[1] | $ 34.5 | $ 36.5 |
| Capex as a % of sales | 2.0% | 2.5% |
| Free cash flow[1] | $ — | $ 5.0 |

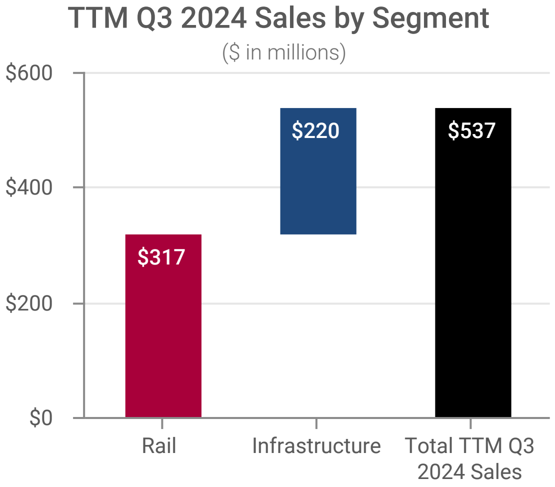
| September 30, 2024 Financial Data | | |
|---|---|---|
| Stock Price | $ | 20.43 |
| Shares Outstanding | | 10.9 |
| Market Capitalization | $ | 222.2 |
| Debt | | 68.5 |
| Cash | | 3.1 |
| Enterprise Value | $ | 287.6 |
| TTM Net Income | $ | 42.7 |
| TTM Revenue | $ | 537.5 |
| TTM Adj. EBITDA[1] | $ | 32.4 |
| EV / Revenue | | 0.5 |
| EV / Adj. EBITDA | | 8.9 |
| Covenant Leverage | | 1.9x |

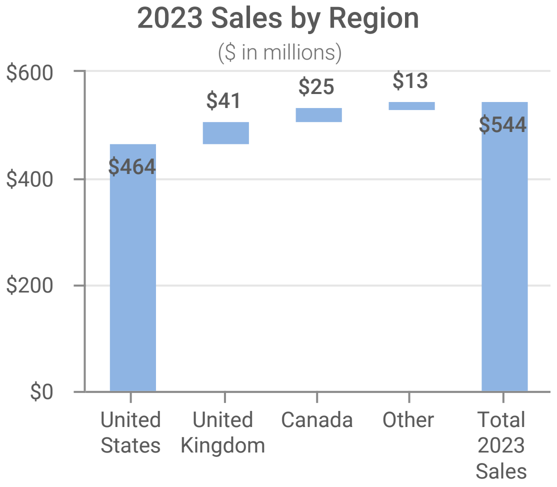
*Data shown above in millions, except stock price and ratios.*

## Business Segments

*Realigned reporting structure through two segments effective Q4 2023*

- Rail, Technologies, and Services
- Infrastructure Solutions*




*Includes previous Precast Concrete Products and Steel Products and Measurement (now Steel Products business unit) reporting segments*

1) *Refer to safe harbor disclaimer slide and related reconciliations within the appendix regarding non-GAAP measures.*
2) *Location and employee data as of December 31, 2023.*
*Note figures may not foot due to rounding.*

# Opening Remarks

## John Kasel

President and CEO

# Opening Remarks - Quarter Highlights

Momentum by LBFoster

What we've accomplished...

2024 expectations...

Gross profit of $32.8M up 19.5% YoY

Gross margin of 23.8% up 490 bps YoY on 5.4% lower net sales

Highest quarterly gross margin level achieved in over 10 years

Net income of $35.9M includes $30.0M favorable tax valuation allowance adjustment

$12.3M of adjusted EBITDA[1] up 16.4% YoY

Cash provided by operations of $24.7M reduced net debt[1] by $17.7M to $65.4M

Gross Leverage Ratio[1,2] improved by 0.8x during Q3 to 1.9x at quarter end

Repurchased 1.2% of shares outstanding; $8.4M in authorization remaining

TTM book-to-bill ratio[1] of 0.94 : 1.00, up from 0.93 : 1.00 2024 Q2

<u>2024 Guidance Updated</u>

Net sales
$530M - $540M
(previously $525M - $550M)

Adjusted EBITDA[1]
$34.5M - $36.5M
(previously $34.0M - $37.0M)

Free cash flow[1]
$—M - $5.0M
(previously breakeven)

Cap Ex % of sales
2.0% - 2.5%
(previously 2.5%)

**Third quarter results clearly indicate that our strategic transformation is on track**

*Note: The Company corrected certain errors in previously reported 2024 quarterly financials, and certain immaterial errors in 2023 previously reported financials. All comparisons are based on the corrected historical results.*
*1) Refer to safe harbor disclaimer slide and related reconciliations within the appendix regarding non-GAAP measures.*
*2) Gross leverage ratio shown calculated per the credit agreement in place during the displayed quarter.*

# Financial Review

## Bill Thalman

Executive Vice President and CFO

LBFoster®

# Third Quarter Results

| **As of and for the quarter ended September 30, 2024:** $ in millions, unless otherwise noted | | YoY Δ |
|---|---|---|
| SALES | 137.5 | (7.9) |
| GROSS PROFIT | 32.8 | 5.3 |
| GROSS PROFIT MARGIN | 23.8% | 490 bps |
| SG&A | 24.3 | (0.1) |
| NET INCOME ATTRIB. TO FSTR | 35.9 | 35.4 |
| ADJ. EBITDA[1] | 12.3 | 1.7 |
| OPERATING CASH FLOW | 24.7 | 6.1 |
| NEW ORDERS[1] | 96.0 | (4.3) |
| BACKLOG[1,2] | 209.0 | (34.2) |

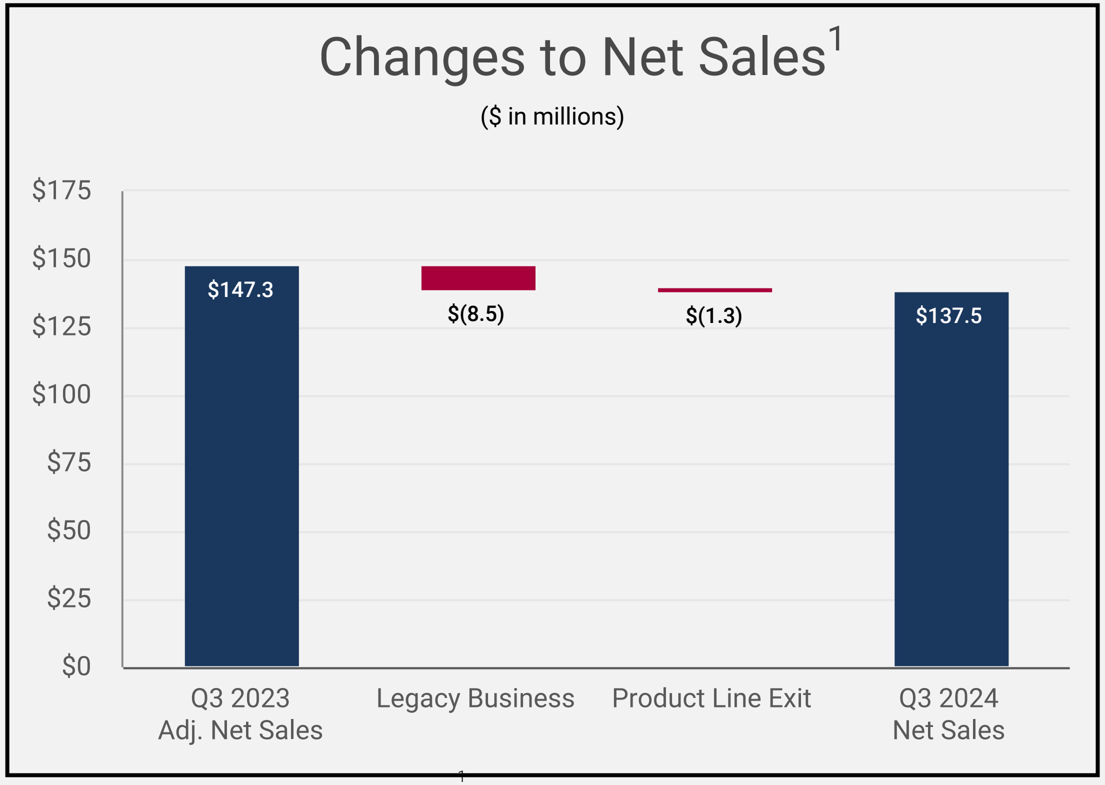
- Net sales were down 5.4% due primarily to organic sales decrease in the Rail segment
- Gross profit up 19.5% with margins increasing 490 bps due to prior year bridge exit impacts and improved business mix
- Net income attributable to the Company was $35.9M, up $35.4M; includes a $30.0M favorable tax valuation allowance adjustment
- Operating cash flow of $24.7M favorable $6.1M year over year
- New orders and backlog down 4.3% and 14.1%, respectively, due primarily to softness in the Protective Coatings business in the Infrastructure segment

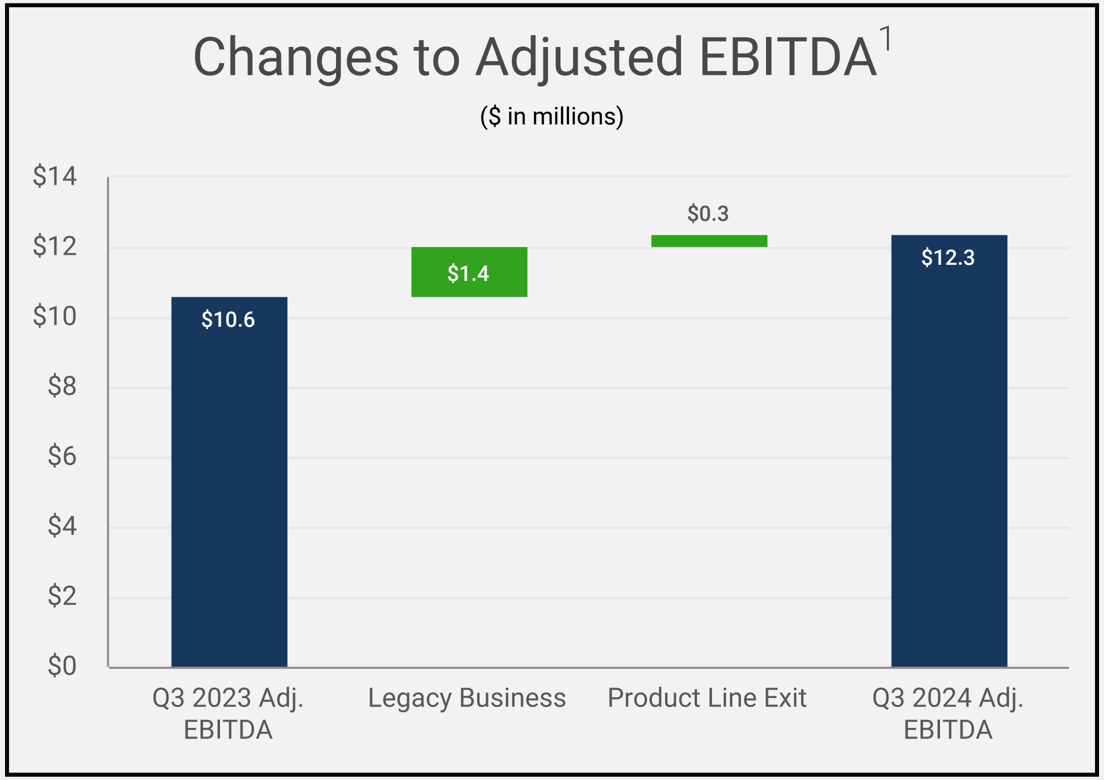
**Strong quarter of profitability growth and cash generation**

1) *Refer to safe harbor disclaimer slide and related reconciliations within the appendix regarding non-GAAP measures.*
2) *Q3 2024 backlog reflects a $4.5M decline from bridge product line exit.*

# Year over Year Change in Sales and Adj. EBITDA[1]

LBFoster



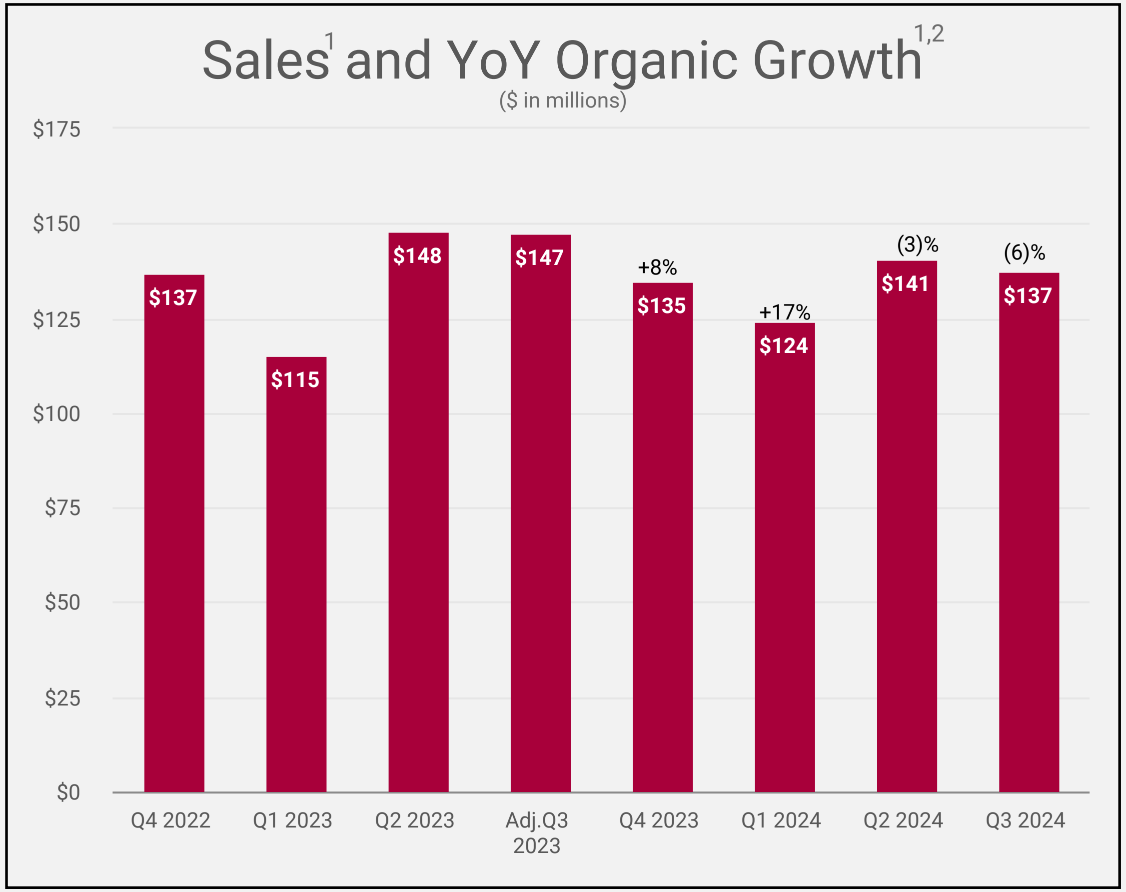



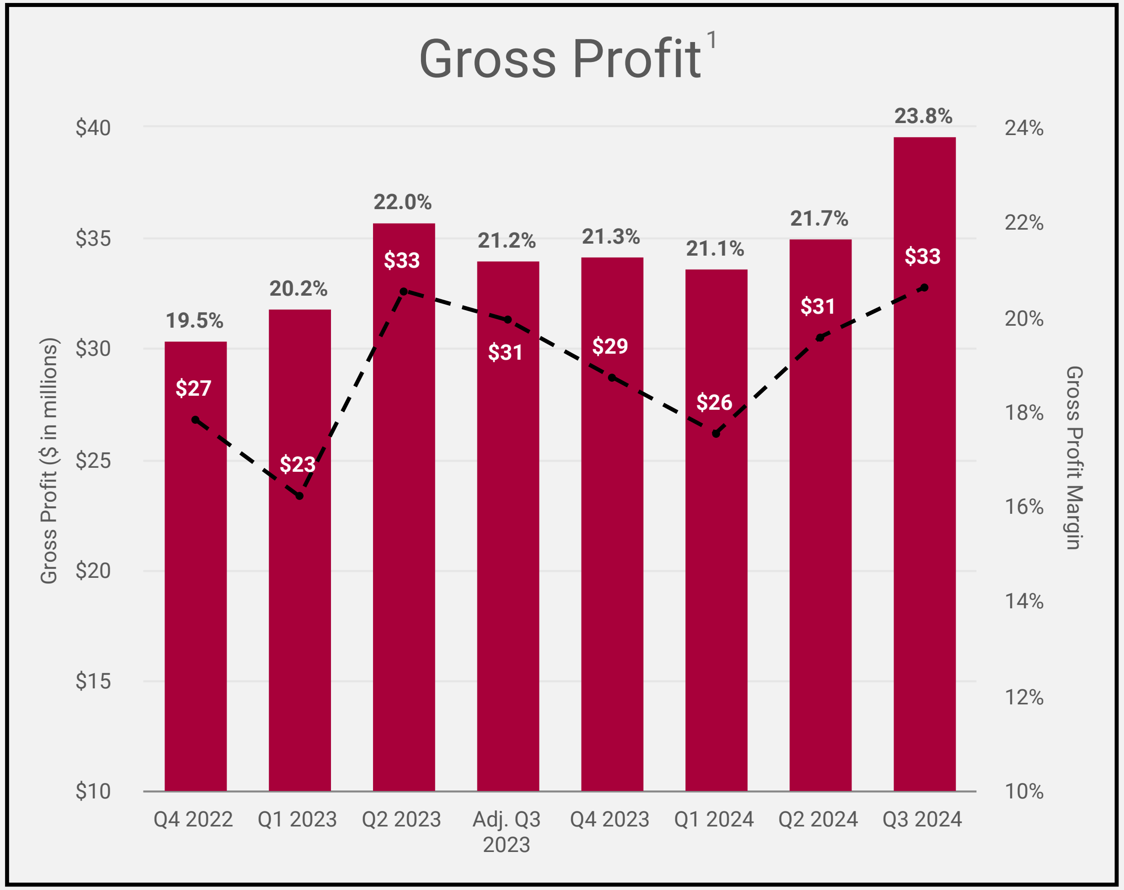

**Improved portfolio efficiency driving higher Adjusted EBITDA[1] levels on lower sales**

*$ in millions unless otherwise indicated. Figures may not foot due to rounding.*

1) *Refer to safe harbor disclaimer slide and related reconciliations within the appendix regarding non-GAAP measures.*

# Sales and Gross Profit Trend – Trailing 4 Quarters




**Gross profit margin of 23.8% the highest quarterly level achieved in over a decade**

*$ in millions unless otherwise indicated. Figures may not foot due to rounding.*

1) *Refer to safe harbor disclaimer slide and related reconciliations within the appendix regarding non-GAAP measures.*

2) *Year over year organic growth rate represents adjusted organic growth, where applicable.*

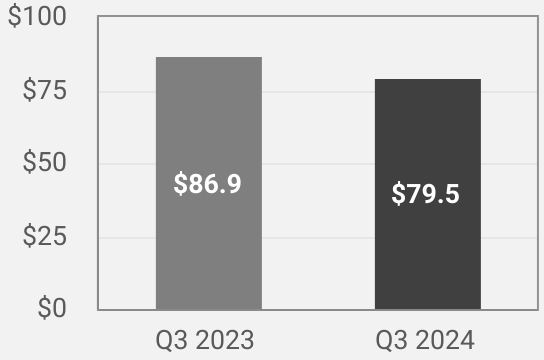
# Rail, Technologies, and Services – Q3 Results

**Margin expansion driven by growth in Rail Technologies coupled with recovery of UK business**


- Net sales decreased by 8.5% due to declines in Rail Products offset in part by increases in Global Friction Management and Technology Services and Solutions
- Gross profit margins improved 340 basis points driven by recovery in our UK business and strength in Global Friction Management and Total Track Monitoring
- New orders increased 5.7% due to improving demand in Rail Products and Friction Management; backlog decreased 5.3% driven by scale down of UK business

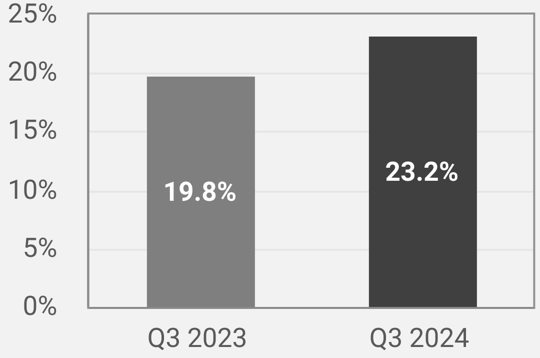
**Sales**

(8.5)%




**GP Margin**

+340 bps




**New Orders[1]**

+5.7%


**Backlog[1]**

(5.3)%


*$ in millions unless otherwise indicated. Figures may not foot due to rounding.*

1) *Refer to safe harbor disclaimer slide and related reconciliations within the appendix regarding non-GAAP measures.*

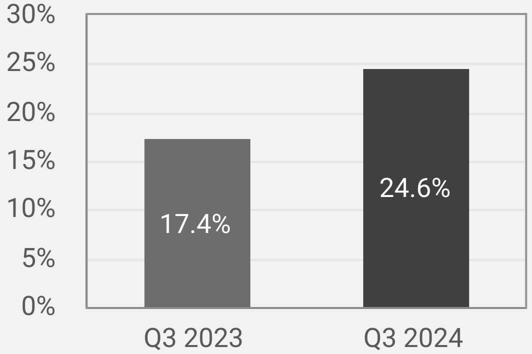
# Infrastructure Solutions – Q3 Results

**Improved profitability due to impact of bridge grid deck exit last year and solid growth in Precast Concrete**

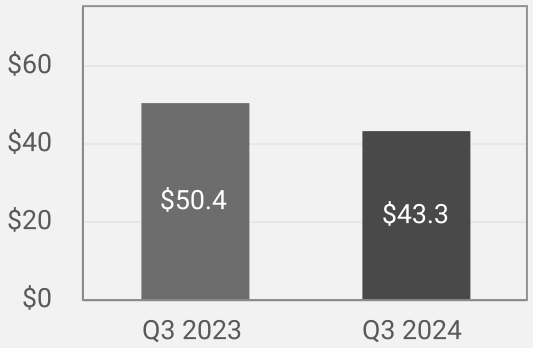

- Net sales decreased 0.9% due to declines in Steel Products offset in part by Precast Concrete Products which delivered growth of 10.5% YoY
- Gross margins expanded 720 basis points driven by the 2023 bridge grid deck exit impact and 2024 Precast Concrete Products expanded margins
- Orders down due primarily to softer demand in Protective Coatings; backlog down due to softness in the Steel Products, including a $4.5M impact of the bridge grid deck exit

## Sales
(0.9)%


## GP Margin
+720 bps




## New Orders[1]
(14.2)%




## Backlog[1,2]
(19.6)%


*$ in millions unless otherwise indicated. Figures may not foot due to rounding.*

1) *Refer to safe harbor disclaimer slide and related reconciliations within the appendix regarding non-GAAP measures.*

2) *Q3 2024 backlog reflects a $4.5M decline from the bridge product line exit.*

# Year to Date Results

| As of and for the nine months ended September 30, 2024:<br>$ in millions, unless otherwise stated | | YoY Δ |
|---|---|---|
| SALES | 402.6 | (6.3) |
| GROSS PROFIT | 89.4 | 6.1 |
| GROSS PROFIT MARGIN | 22.2% | 180 bps |
| SG&A | 72.0 | 1.6 |
| NET INCOME ATTRIB. TO FSTR | 43.2 | 41.3 |
| ADJ. EBITDA[1] | 26.3 | 0.7 |
| OPERATING CASH FLOW | (1.7) | (17.0) |
| NEW ORDERS[1,2] | 399.4 | (24.2) |
| BACKLOG[1,3] | 209.0 | (34.2) |

- Organic sales[1] increased 1.5% partially offset by 3.0% decline from divestiture and product line exit activity
- Gross profit increased $6.1M, or 7.3%, with gross profit margin improving 180 bps YoY
- SG&A increased by $1.6M due to legal, restructuring, and professional services costs
- Net income attributable to the Company of $43.2M includes $30.0M valuation allowance adjustment and $3.5M gain on sale of former Magnolia JV property
- Adjusted EBITDA of $26.3M up $0.7M due to improved gross profit
- New orders and backlog declines due to softness primarily in Protective Coatings

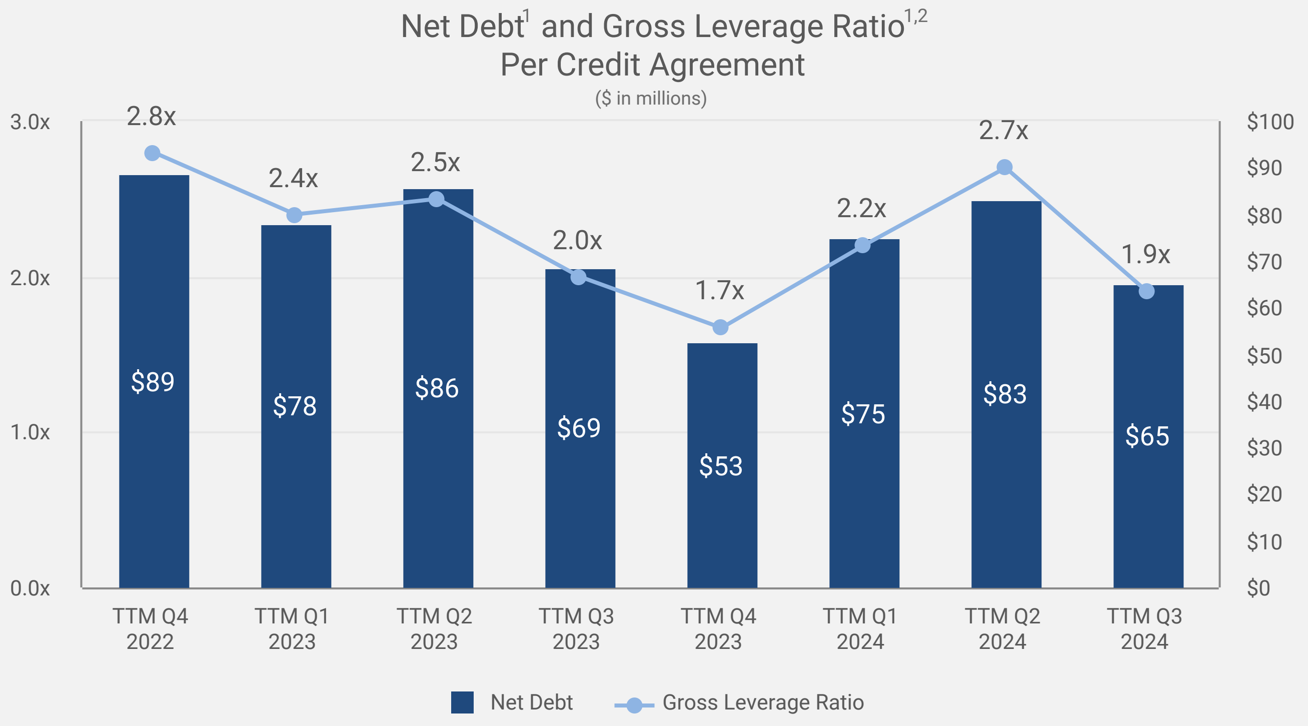
**Improvement in adjusted EBITDA driven by adjusted gross profit expansion**

1) *Refer to safe harbor disclaimer slide and related reconciliations within the appendix regarding non-GAAP measures.*
2) *New orders reflects a $10.8M decline from Ties and Chemtec divestitures and bridge product line exit.*
3) *Q3 2024 backlog reflects a $4.5M decline from bridge product line exit.*

# Net Debt[1], Leverage, and Capital Allocation

**Exceptional free cash flow generation lowered net debt[1] and Gross Leverage Ratio[1,2]**

- Net debt and Gross Leverage Ratio improvement of $17.7M and 0.8x in Q3 due to strong free cash flow
- Demonstrated history of diligent debt and leverage management over time...targeting ~2.0x long-term
- Capital-light business model with significant free cash flow[1] drivers in place
- Union Pacific settlement fulfilled in Dec 2024
- ~$100M in federal NOLs should minimize cash taxes for the foreseeable future
- $15M share repurchase program; $6.6M utilized to date (~3.0% of o/s shares); authorization expires in Feb 2025




September 30, 2024
**Key Metrics**

| 1.9x | $62.8M | $1.7M | $7.8M |
|---|---|---|---|
| Gross Leverage Ratio[1,2] | Funding Capacity[1,3] | YTD Operating Cash Use | YTD Capital Spending |



*1) Refer to safe harbor disclaimer slide and related reconciliations within the appendix regarding non-GAAP measures.*
*2) Gross leverage ratio shown calculated per the credit agreement in place during the displayed quarter.*
*3) Subject to covenant restrictions.*

# Capital Allocation Priorities

**Relentless pursuit of shareholder returns with prudent capital allocation**

## Capital Allocation

### Debt Reduction

- Target maintaining Gross Leverage Ratio[1] at ~2.0x; improving free cash flow outlook provides opportunities for further growth and shareholder returns

### Share Repurchases

- Repurchased 3.0% of outstanding shares since program inception; $8.4M authorization remaining through revised program expiration in February 2025

### Dividends

- Potential for ordinary or special dividends as free cash flow improves in coming years

## Investment for Growth

### Growth Capital Expenditures

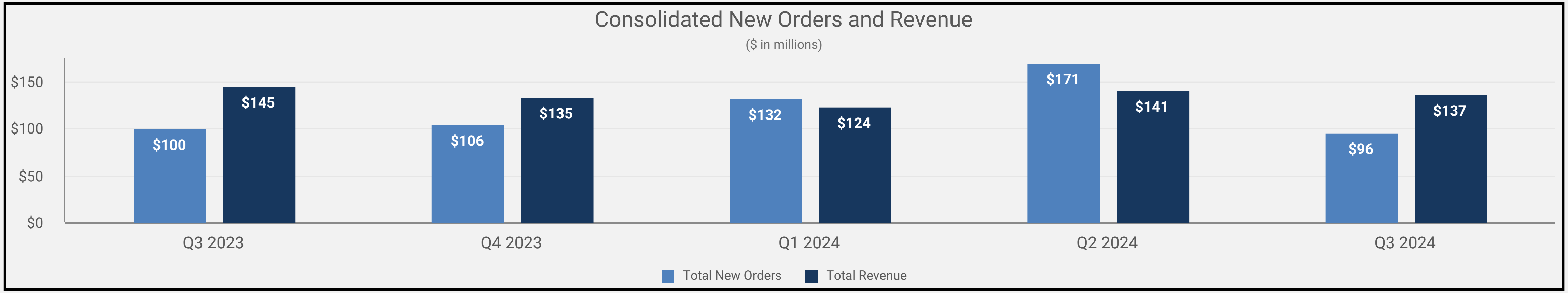
- Targeting 2.0% - 2.5% of sales to support organic growth initiatives with high returns, quick paybacks

### Tuck In Acquisitions

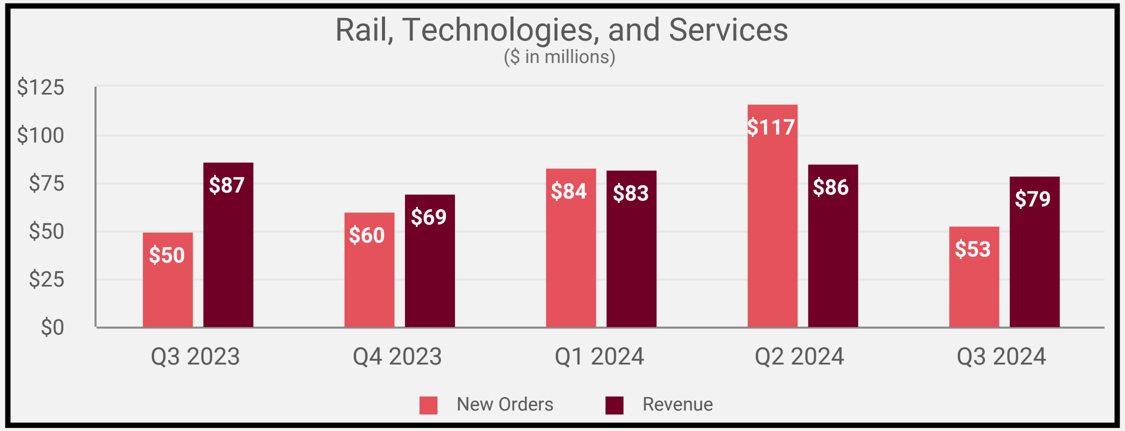
- Continue to opportunistically evaluate strategic partnerships to enhance our current portfolio

1) *Refer to safe harbor disclaimer slide and related reconciliations within the appendix regarding non-GAAP measures.*

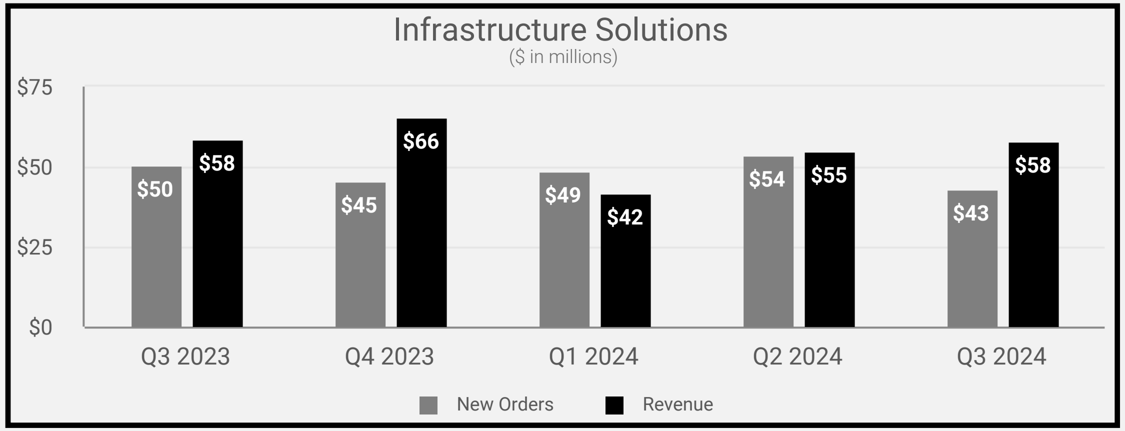
# New Orders[1], Revenue, and Book-to-Bill Ratios[1]




**TTM Q3 2024 Book-to-Bill Ratio: 0.94 : 1.00**



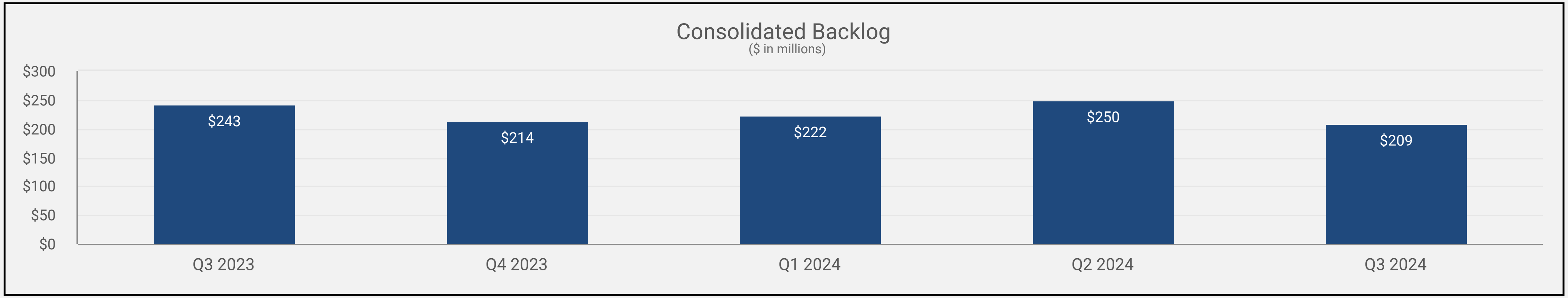

**TTM Q3 2024 Book-to-Bill Ratio: 0.99 : 1.00**

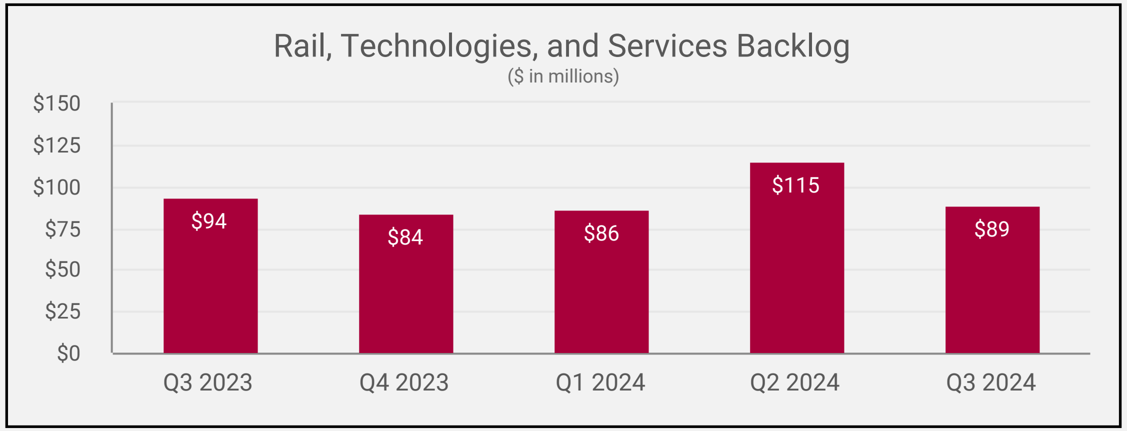


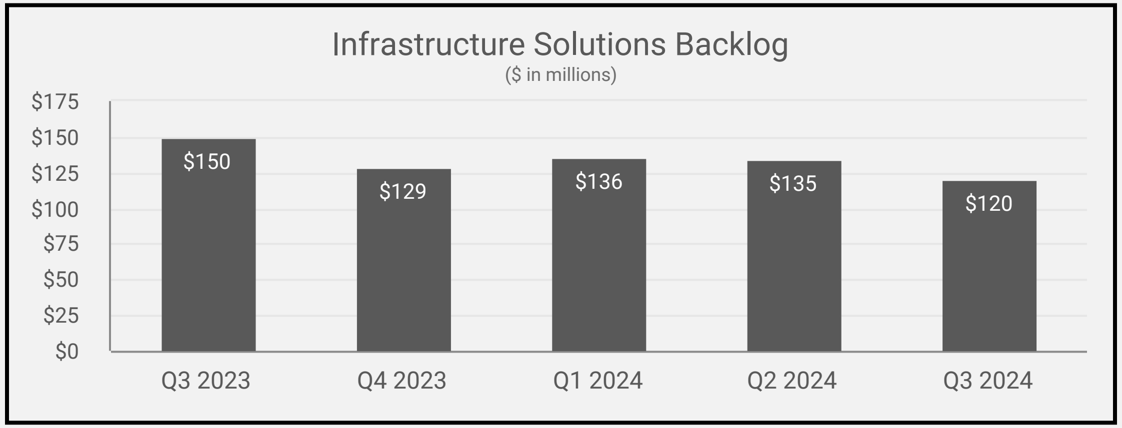

**TTM Q3 2024 Book-to-Bill Ratio: 0.87 : 1.00**

1) *Refer to safe harbor disclaimer slide and related reconciliations within the appendix regarding non-GAAP measures. Note figures may not foot due to rounding.*

# Backlog[1] Trends




**Backlog lower due to UK scale down, bridge grid deck exit and weaker demand in Steel Products**

1) *Refer to safe harbor disclaimer slide and related reconciliations within the appendix regarding non-GAAP measures.*

# Closing Remarks

**John Kasel**
President and CEO

# Market and Business Outlook

**Well-positioned to benefit from favorable demand driven by long-term infrastructure investment super cycle**


Government funding of large-scale investments for freight rail, transit lines and civil infrastructure / transportation projects continues to support end customer demand

Additional focus and funding for rail safety initiatives supports long-term growth for Rail, Technologies, Services and Solutions offerings

Commissioning facility in central Florida to produce Envirocast® wall systems for booming commercial and residential real estate market

# L.B. Foster Investment Thesis

| | |
|---|---|
| Structural Improvement in Profitability | Business portfolio transformation, organic growth and focused profitability initiatives manifesting in improved results |
| Organic Growth Drivers in Place | Infrastructure pure play with a diverse set of avenues for growth in multi-year infrastructure investment super cycle |
| Favorable Free Cash Flow Inflection Point Imminent | Improving margin and profitability outlook with capital-light business model with demonstrated FCF generation over time |
| Disciplined Capital Allocation | Multiple value-creating capital allocation levers at disposal |

# Innovating to Solve Global Infrastructure Challenges

## Key Messages

Strategy Execution Expected to Provide Strong 2024 Second Half Results

**Strategic Transformation Journey Underway...Far from Complete**

- > Refreshed strategy rolled out in 2021
- > Substantial improvement in growth and profitability profile of business portfolio
- > Investing in growth platforms aligned with infrastructure super cycle

**Attractive Valuations and Free Cash Flow Yields**

- > EV / Adj. EBITDA[1,2] valuation - 8.1x today...7.8x projected at year end
- > 2025 free cash flow yield[1,2] outlook - 11% to 16%

**Strong Profitability Expansion / Cash Generation Expected in 2nd Half 2024**

- > Adjusted EBITDA[1,3] growth expected to be ~29% in second half of 2024 and ~50% in Q4 YoY
- > Free cash flow[1,3] projected between $30M - $35M in line with seasonal working capital patterns

L.B. Foster Q3 2024 Earnings Presentation
November 7, 2024

## Momentum

by LBFoster

### Near Term Goals (2025)

| | |
|---|---|
| REVENUE | $580M - $620M |
| GP % | 22.0% - 23.0% |
| ADJ. EBITDA[1] | $48M - $52M |
| Adj. EBITDA[1] Margin | ~8.0% |

1) Refer to safe harbor disclaimer slide and related reconciliations within the appendix regarding non-GAAP measures.
2) Based on mid-point adjusted EBITDA and free cash flow financial guidance updated November 7, 2024 and September 30, 2024 share price
3) Based on updated financial guidance as of November 7, 2024.

# Thank you!

## L.B. Foster Q3 2024 Earnings Presentation

*We look forward to discussing our Q4 and full year 2024 results in early March 2025*




# Appendix

# Condensed Balance Sheet - Assets

| Assets | September 30, 2024 | December 31, 2023 |
|---|---|---|
| ($ in millions) | | |
| Current assets: | | |
| Cash and cash equivalents | $ 3.1 | $ 2.6 |
| Accounts receivable - net | 66.7 | 53.5 |
| Contract assets - net | 20.2 | 29.5 |
| Inventories - net | 73.9 | 73.1 |
| Other current assets | 9.5 | 8.7 |
| **Total current assets** | **$ 173.5** | **$ 167.4** |
| Property, plant, and equipment - net | 75.7 | 75.6 |
| Operating lease right-of-use assets - net | 12.6 | 14.9 |
| Other assets: | | |
| Goodwill | 32.9 | 32.6 |
| Other intangibles - net | 16.0 | 19.0 |
| Deferred tax assets | 30.0 | — |
| Other assets | 3.8 | 3.0 |
| **Total assets** | **$ 344.5** | **$ 312.4** |

*Note figures may not foot due to rounding.*

# Condensed Balance Sheet – Liabilities and Equity

| Liabilities and Stockholders' Equity | September 30, 2024 | December 31, 2023 |
|---|---|---|
| ($ in millions) | | |
| Current liabilities: | | |
| Accounts payable | $ 40.0 | $ 39.5 |
| Deferred revenue | 9.7 | 12.5 |
| Other accrued liabilities | 26.5 | 42.4 |
| Current maturities of long-term debt | 0.2 | 0.1 |
| **Total current liabilities** | **$ 76.4** | **$ 94.5** |
| Long term debt | 68.4 | 55.2 |
| Other long-term liabilities | 17.3 | 19.9 |
| Total L.B. Foster Company stockholders' equity | 181.9 | 142.1 |
| Noncontrolling interest | 0.6 | 0.7 |
| **Total liabilities and stockholders' equity** | **$ 344.5** | **$ 312.4** |

*Note figures may not foot due to rounding.*

# Condensed Income Statement – Q3

| | Three Months Ended September 30, 2024 | | Three Months Ended September 30, 2023 | | Delta | |
|---|---|---|---|---|---|---|
| **($ in millions except per share data)** | **$** | **% of Sales** | **$** | **% of Sales** | **$** | **%** |
| Sales | $ 137.5 | | $ 145.3 | | $ (7.9) | (5.4)% |
| Gross profit | 32.8 | 23.8% | 27.4 | 18.9% | 5.3 | 19.5 |
| SG&A | 24.3 | 17.7% | 24.4 | 16.8% | (0.1) | (0.5) |
| Amortization expense | 1.1 | | 1.4 | | (0.2) | (16.9) |
| Interest expense - net | 1.4 | | 1.4 | | (0.1) | (5.8) |
| Other income - net | (0.2) | | (0.2) | | — | 24.5 |
| Income before income taxes | 6.2 | | 0.3 | | 5.8 | ** |
| Income tax benefit | (29.7) | | (0.1) | | (29.6) | ** |
| Net loss attributable to noncontrolling interest | — | | (0.1) | | 0.1 | (89.7) |
| **Net income attributable to L.B. Foster Company** | **$ 35.9** | | **$ 0.5** | | **$ 35.4** | ** |
| | | | | | | |
| **Diluted earnings per share** | **$ 3.27** | | **$ 0.05** | | **$ 3.22** | ** |
| | | | | | | |
| **EBITDA[1]** | **$ 11.0** | | **$ 5.6** | | **$ 5.4** | **96.1 %** |
| | | | | | | |
| **Adjusted EBITDA[1]** | **$ 12.3** | | **$ 10.6** | | **$ 1.7** | **16.4 %** |

1) *Refer to safe harbor disclaimer slide and related reconciliations within the appendix regarding non-GAAP measures.*
*Note figures may not foot due to rounding.*
***Results of this calculation are not meaningful for presentation purposes.*

# Condensed Income Statement – YTD

| ($ in millions except per share data) | Nine Months Ended September 30, 2024 $ | Nine Months Ended September 30, 2024 % of Sales | Nine Months Ended September 30, 2023 $ | Nine Months Ended September 30, 2023 % of Sales | Delta $ | Delta % |
|---|---|---|---|---|---|---|
| Sales | $ 402.6 | | $ 408.9 | | $ (6.3) | (1.5)% |
| Gross profit | 89.4 | 22.2% | 83.3 | 20.4% | 6.1 | 7.3 |
| SG&A | 72.0 | 17.9% | 70.4 | 17.2% | 1.6 | 2.3 |
| (Gain) on sale of former joint venture facility | (3.5) | | — | | (3.5) | ** |
| Amortization expense | 3.5 | | 4.1 | | (0.6) | (15.4) |
| Interest expense - net | 4.0 | | 4.4 | | (0.4) | (9.7) |
| Other (income) expense - net | (0.5) | | 2.8 | | (3.3) | (118.9) |
| Income before income taxes | 14.0 | | 1.7 | | 12.3 | ** |
| Income tax benefit | (29.1) | | (0.1) | | (29.0) | ** |
| Net loss attributable to noncontrolling interest | (0.1) | | (0.1) | | 0.1 | (45.6) |
| **Net income attributable to L.B. Foster Company** | **$ 43.2** | | **$ 1.9** | | **$ 41.3** | ** |
| | | | | | | |
| **Diluted earnings per share** | **$ 3.91** | | **$ 0.17** | | **$ 3.74** | ** |
| | | | | | | |
| **EBITDA[1]** | **$ 28.5** | | **$ 17.6** | | **$ 10.9** | **61.8 %** |
| | | | | | | |
| **Adjusted EBITDA[1]** | **$ 26.3** | | **$ 25.7** | | **$ 0.7** | **2.6 %** |

1) *Refer to safe harbor disclaimer slide and related reconciliations within the appendix regarding non-GAAP measures.*
*Note figures may not foot due to rounding.*
***Results of this calculation are not meaningful for presentation purposes.*

# Condensed Cash Flows

| ($ in millions) | Nine months ended September 30, 2024 | Nine months ended September 30, 2023 |
|---|---|---|
| Net income and other non-cash items from operations | $ 22.3 | $ 16.9 |
| Receivables | (13.0) | 15.9 |
| Contract assets | 9.9 | (0.3) |
| Inventory | (0.5) | (16.0) |
| Payables and deferred revenue | (2.3) | 2.0 |
| **Trade working capital subtotal** | **$ (5.8)** | **$ 1.6** |
| Payment of accrued settlement | (4.0) | (4.0) |
| All other[1] | (14.1) | 0.9 |
| **Net cash used in operating activities** | **$ (1.7)** | **$ 15.3** |
| Proceeds from the sale of property, plant, and equipment | 3.9 | 0.5 |
| Capital expenditures | (7.8) | (2.8) |
| Proceeds from business dispositions | — | 7.7 |
| Net proceeds (repayments) of debt | 12.2 | (20.3) |
| All other[1] | (6.0) | (0.4) |
| **Net increase in cash** | **$ 0.6** | **$ 0.1** |
| **Cash balance, end of period** | **$ 3.1** | **$ 3.0** |

1) *Contains changes in cash flows due to other assets, accrued payroll, and other liabilities, treasury stock acquisitions, investment of noncontrolling interest, exchange rate impact, and acquisitions - net of cash acquired.*
*Note figures may not foot due to rounding.*

# New Orders - QTD

| New Orders Entered – Three Months Ended | | | | |
|---|---|---|---|---|
| ($ in millions) | September 30, 2024 | September 30, 2023 | YoY Delta | |
| Rail, Technologies, and Services | $ 52.7 | $ 49.8 | $ 2.9 | 5.7 % |
| Infrastructure Solutions | 43.3 | 50.4 | (7.1) | (14.2) |
| **Total** | **$ 96.0** | **$ 100.3** | **$ (4.3)** | **(4.3)%** |



*Note figures may not foot due to rounding.*

# New Orders and Backlog

| New Orders Entered – Nine Months Ended | | | | |
|---|---|---|---|---|
| ($ in millions) | September 30, 2024 | September 30, 2023 | Delta | |
| Rail, Technologies, and Services | $ 253.4 | $ 239.5 | $ 13.9 | 5.8 % |
| Infrastructure Solutions | 145.9 | 184.0 | (38.1) | (20.7) |
| **Total** | **$ 399.4** | **$ 423.5** | **$ (24.2)** | **(5.7)%** |

| Backlog – Nine Months Ended | | | | |
|---|---|---|---|---|
| ($ in millions) | September 30, 2024 | September 30, 2023 | YoY Delta | |
| Rail, Technologies, and Services | $ 88.7 | $ 93.6 | $ (5.0) | (5.3)% |
| Infrastructure Solutions | 120.3 | 149.6 | (29.2) | (19.6) |
| **Total** | **$ 209.0** | **$ 243.2** | **$ (34.2)** | **(14.1)%** |

*Note figures may not foot due to rounding.*

# Segment Results – Q3

| Segment Sales | Three Months Ended September 30, 2024 | Three Months Ended September 30, 2023 | Delta | |
|---|---|---|---|---|
| ($ in millions) | | | $ | % |
| Rail, Technologies, and Services | $ 79.5 | $ 86.9 | $ (7.4) | (8.5)% |
| Infrastructure Solutions | 58.0 | 58.5 | (0.5) | (0.9) |
| **Total** | **$ 137.5** | **$ 145.3** | **$ (7.9)** | **(5.4)%** |

| Segment Gross Profit | Three Months Ended September 30, 2024 | | Three Months Ended September 30, 2023 | | Delta | |
|---|---|---|---|---|---|---|
| ($ in millions) | | | | | $ | Δ bps |
| Rail, Technologies, and Services | $ 18.5 | 23.2% | $ 17.2 | 19.8% | $ 1.2 | 340 |
| Infrastructure Solutions | 14.3 | 24.6 | 10.2 | 17.4 | 4.1 | 720 |
| **Total** | **$ 32.8** | **23.8%** | **$ 27.4** | **18.9%** | **$ 5.3** | **490** |

| Operating Income (Loss) | Three Months Ended September 30, 2024 | Three Months Ended September 30, 2023 | Delta | |
|---|---|---|---|---|
| ($ in millions) | | | $ | % |
| Rail, Technologies, and Services | $ 4.9 | $ 3.9 | $ 1.1 | 27.6 % |
| Infrastructure Solutions | 5.1 | 0.8 | 4.3 | ** |
| Other - Corporate | (2.7) | (3.0) | 0.3 | (10.8) |
| **Consolidated operating income** | **$ 7.3** | **$ 1.6** | **$ 5.7** | ** |

*Note figures may not foot due to rounding.*
*** Results of this calculation not considered meaningful for presentation purposes.*

# Segment Results – YTD

| Segment Sales | Nine Months Ended September 30, 2024 | Nine Months Ended September 30, 2023 | Delta | |
|---|---|---|---|---|
| ($ in millions) | | | $ | % |
| Rail, Technologies, and Services | $ 247.7 | $ 242.9 | $ 4.8 | 2.0 % |
| Infrastructure Solutions | 154.9 | 166.0 | (11.1) | (6.7) |
| **Total** | **$ 402.6** | **$ 408.9** | **$ (6.3)** | **(1.5)%** |

| Segment Gross Profit | Nine Months Ended September 30, 2024 | | Nine Months Ended September 30, 2023 | | Delta | |
|---|---|---|---|---|---|---|
| ($ in millions) | | | | | $ | Δ bps |
| Rail, Technologies, and Services | $ 54.9 | 22.2% | $ 51.7 | 21.3% | $ 3.2 | 90 |
| Infrastructure Solutions | 34.5 | 22.3 | 31.6 | 19.1 | 2.9 | 320 |
| **Total** | **$ 89.4** | **22.2%** | **$ 83.3** | **20.4%** | **$ 6.1** | **180** |

| Operating Income (Loss) | Nine Months Ended September 30, 2024 | Nine Months Ended September 30, 2023 | Delta | |
|---|---|---|---|---|
| ($ in millions) | | | $ | % |
| Rail, Technologies, and Services | $ 17.2 | $ 13.2 | $ 4.0 | 30.1 % |
| Infrastructure Solutions | 7.3 | 3.2 | 4.1 | 127.3 |
| Other - Corporate | (7.1) | (7.6) | 0.5 | (6.7) |
| **Consolidated operating income** | **$ 17.5** | **$ 8.9** | **$ 8.6** | **97.2 %** |

*Note figures may not foot due to rounding.*

# Non-GAAP Measure: Adjusted EBITDA

| | Three Months Ended September 30, | | Nine Months Ended September 30, | | Trailing Twelve Months Ended September 30, |
|---|---|---|---|---|---|
| **($ in millions)** | **2024** | **2023** | **2024** | **2023** | **2024** |
| Net income, as reported | $ 35.9 | $ 0.4 | $ 43.1 | $ 1.8 | $ 42.7 |
| Interest expense - net | 1.4 | 1.4 | 4.0 | 4.4 | 5.1 |
| Income tax benefit | (29.7) | (0.1) | (29.1) | (0.1) | (29.4) |
| Depreciation expense | 2.3 | 2.5 | 7.1 | 7.4 | 9.6 |
| Amortization expense | 1.1 | 1.4 | 3.5 | 4.1 | 4.7 |
| **Total EBITDA** | **11.0** | **5.6** | **28.5** | **17.6** | **32.6** |
| Loss on divestitures | — | — | — | 3.1 | — |
| Gain on asset sale | — | — | (4.3) | — | (4.3) |
| Bridge grid deck exit impact | — | 4.1 | — | 4.1 | 0.3 |
| Bad debt provision | — | 0.9 | — | 0.9 | 1.0 |
| Restructuring costs | 0.9 | — | 0.9 | — | 1.6 |
| Legal expense | 0.4 | — | 1.2 | — | 1.2 |
| **Adjusted EBITDA** | **$ 12.3** | **$ 10.6** | **$ 26.3** | **$ 25.7** | **$ 32.4** |



*Note figures may not foot due to rounding.*

# Non-GAAP Measure: Funding Capacity

| ($ in millions) | September 30, 2024 |
|---|---|
| Cash and cash equivalents | $ 3.1 |
| | |
| Total availability under the credit facility | 130.0 |
| Outstanding borrowings on revolving credit facility | (68.0) |
| Letters of credit outstanding | (2.3) |
| Net availability under the revolving credit facility[1] | $ 59.7 |
| | |
| **Total available funding capacity[1]** | **$ 62.8** |

*Note figures may not foot due to rounding.*
*1) Subject to covenant restrictions.*

# Non-GAAP Measure: Net Debt

| | September 30, 2024 | June 30, 2024 | March 31, 2024 | December 31, 2023 | September 30, 2023 | June 30, 2023 | March 31, 2023 | December 31, 2022 |
|---|---|---|---|---|---|---|---|---|
| ($ in millions) | | | | | | | | |
| Total debt | $ 68.5 | $ 87.2 | $ 78.1 | $ 55.3 | $ 71.7 | $ 89.5 | $ 80.1 | $ 91.9 |
| Less: cash and cash equivalents | (3.1) | (4.0) | (3.1) | (2.6) | (3.0) | (3.9) | (2.6) | (2.9) |
| **Total net debt** | **$ 65.4** | **$ 83.2** | **$ 74.9** | **$ 52.7** | **$ 68.7** | **$ 85.6** | **$ 77.5** | **$ 89.0** |

*Note figures may not foot due to rounding.*

# Non-GAAP Measure: Organic Sales

| Change in Consolidated Sales | Three Months Ended | Percent Change | Nine Months Ended | Percent Change |
|---|---|---|---|---|
| ($ in millions) | September 30, | | September 30, | |
| 2023 net sales, as reported | $ 145.3 | | $ 408.9 | |
| Increase (decrease) from divestitures and exit | 0.6 | 0.4 % | (12.2) | (3.0)% |
| Change due to organic sales | (8.5) | (5.9)% | 5.9 | 1.5 % |
| 2024 net sales, as reported | $ 137.5 | (5.4)% | $ 402.6 | (1.5)% |

| Change in Rail, Technologies, and Services Sales | Three Months Ended | Percent Change | Nine Months Ended | Percent Change |
|---|---|---|---|---|
| ($ in millions) | September 30, | | September 30, | |
| 2023 net sales, as reported | $ 86.9 | | $ 242.9 | |
| Decrease due to divestiture | — | — % | (2.1) | (0.9)% |
| Change due to organic sales | (7.4) | (8.5)% | 7.0 | 2.9 % |
| 2024 net sales, as reported | $ 79.5 | (8.5)% | $ 247.7 | 2.0 % |

| Change in Infrastructure Solutions Sales | Three Months Ended | Percent Change | Nine Months Ended | Percent Change |
|---|---|---|---|---|
| ($ in millions) | September 30, | | September 30, | |
| 2023 net sales, as reported | $ 58.5 | | $ 166.0 | |
| Decrease due to product line exit | 0.6 | 1.1 % | (10.1) | (6.1)% |
| Change due to organic sales | (1.1) | (2.0)% | (1.0) | (0.6)% |
| 2024 net sales, as reported | $ 58.0 | (0.9)% | $ 154.9 | (6.7)% |

*Note figures may not foot due to rounding.*

# Non-GAAP Measure: Adjusted Sales

| Change in Consolidated Adjusted Sales | Three Months Ended | Percent Change | Nine Months Ended | Percent Change |
|---|---|---|---|---|
| ($ in millions) | September 30, | | September 30, | |
| 2023 net sales, as reported | $ 145.3 | | $ 408.9 | |
| 2023 bridge grid deck impact | 2.0 | | 2.0 | |
| 2023 net sales, as adjusted | $ 147.3 | | $ 410.8 | |
| Decrease due to divestitures and exit | (1.3) | (0.9)% | (14.2) | (3.5)% |
| Change due to organic sales | (8.5) | (5.8)% | 5.9 | 1.4 % |
| 2024 net sales, as reported | $ 137.5 | (6.7)% | $ 402.6 | (2.0)% |

*Note figures may not foot due to rounding.*

# Non-GAAP Measure: Adjusted Gross Profit

| Change in Adjusted Gross Profit | Three Months Ended | Nine Months Ended |
|---|---|---|
| ($ in millions) | September 30, | September 30, |
| 2023 net sales, as adjusted | $ 147.3 | $ 410.8 |
| | | |
| 2023 gross profit, as reported | $ 27.4 | $ 83.3 |
| 2023 bridge grid deck exit impact | $ 3.9 | $ 3.9 |
| 2023 gross profit, as adjusted | $ 31.3 | $ 87.2 |
| | | |
| 2023 gross profit margin, as reported | 18.9 % | 20.4 % |
| 2023 gross profit margin, as adjusted | 21.2 % | 21.2 % |

*Note figures may not foot due to rounding.*

# Non-GAAP Measure: Organic Sales

| Change in Consolidated Organic Sales | Three Months Ended | Percent Change |
|---|---|---|
| ($ in millions) | June 30, | |
| 2023 net sales, as reported | $ 148.0 | |
| Decrease due to divestitures and exit | (2.2) | (1.5)% |
| Change due to organic sales | (5.0) | (3.4)% |
| 2024 net sales, as reported | $ 140.8 | (4.9)% |

| Change in Consolidated Organic Sales | Three Months Ended | Percent Change |
|---|---|---|
| ($ in millions) | March 31, | |
| 2023 net sales, as reported | $ 115.5 | |
| Decrease due to divestitures and exit | (10.6) | (9.2)% |
| Change due to organic sales | 19.5 | 16.9 % |
| 2024 net sales, as reported | $ 124.3 | 7.6 % |

| Change in Consolidated Organic Sales | Three Months Ended | Percent Change |
|---|---|---|
| ($ in millions) | December 31, | |
| 2022 net sales, as reported | $ 137.2 | |
| Decrease due to divestiture | (12.9) | (9.4)% |
| Change due to organic sales | 10.6 | 7.7 % |
| 2023 net sales, as reported | $ 134.9 | (1.7)% |

*Note figures may not foot due to rounding.*

# Attractive Valuation and FCF Yield[1]

## Attractive Valuation and Free Cash Flow Yield Based on Near Term Outlook

- Improved trading volumes with addition to Russell 2000
- Attractive EBITDA valuation today and projected at year end with expected FCF / Net Debt reduction
- 2025 FCF Goal: $25M to $35M...improving profitability outlook, lower Cap Ex and no Union Pacific payments
- 2025 FCF Yield: 11% to 16% at today's stock price

| Free Cash Flow[1] | 2024 Updated Guidance (As of November 7, 2024) | |
|---|---|---|
| | Low | High |
| Free Cash Flow Guidance | $ — | $ 5.0 |
| Projected H2 FCF Generation | $ 30.0 | $ 35.0 |

| Free Cash Flow[1] | 2025 Goals | |
|---|---|---|
| | Low | High |
| Free Cash Flow Guidance | $ 25.0 | $ 35.0 |
| Free Cash Flow Yield[1,2] | 11 % | 16 % |

| Company Valuation | 2023 | 2024 Guidance (As of November 7, 2024) | | |
|---|---|---|---|---|
| | | Low | Mid | High |
| Revenue | $ 543.7 | $ 530.0 | $ 535.0 | $ 540.0 |
| Organic revenue growth | | (0.8)% | 1.5 % | 3.8 % |
| Adj. EBITDA[1] | $ 31.8 | $ 34.5 | $ 35.5 | $ 36.5 |
| Adj. EBITDA growth | | 8.6 % | 11.7 % | 14.9 % |
| Adj. EBITDA Margin[1] | 5.8 % | 6.5 % | 6.6 % | 6.8 % |
| Enterprise Value (12/31/23)[1,2] | $ 288.8 | | | |
| Enterprise Value (9/30/24)[1,2] | | $287.6 | | |
| Enterprise Value (Est. as of 12/31/24)[1,2] | | $277.9 | | |
| EV/Adj. EBITDA (12/31/23 vs. 9/30/24) | 9.1 | 8.3 | 8.1 | 7.9 |
| EV/Adj. EBITDA (12/31/23 vs.12/31/24) | 9.1 | 8.1 | 7.8 | 7.6 |

| Trading Volume Growth | Q3 2023 | Q3 2024 | Increase |
|---|---|---|---|
| Average Daily Volume | 26,464 | 59,880 | 33,416 |

$ in millions except share volume information; Share volume obtained from NASDAQ.com

1) Refer to safe harbor disclaimer slide and related reconciliations within the appendix regarding non-GAAP measures.
2) Calculated using September 30, 2024 close price of $20.43 per share and net debt as of dates indicated.