Q4 2018 Earnings Presentation

March 18, 2019

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 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 and the possibility of a "no-deal Brexit;" 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, 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 a new credit agreement and reforms regarding the use of LIBOR as a benchmark for establishing applicable interest rates; 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 March 18, 2019, 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.

Other Matters

Concrete Tie Warranty Claim

As previously disclosed on Form 8-K dated March 14, 2019, the Company and its subsidiary, CXT Incorporated (“CXT”) entered into a Settlement Agreement (the “Settlement Agreement”) with Union Pacific Railroad ("UPRR") on March 13, 2019 to resolve the pending litigation in the matter of *Union Pacific Railroad Company v. L.B. Foster Company and CXT Incorporated*, Case No. CI 15-564, in the District Court for Douglas County, Nebraska related to warranty claims against the Company and CXT's manufactured pre-stressed concrete ties. The material terms of the Settlement Agreement are described in the Form 8-K and provide for the restoration of the business relationship, a mutual release of all claims and liability regarding or relating to all CXT pre-stressed concrete railroad ties with no admission of liability, and dismissal of the litigation with prejudice. Prior to the effects of the Settlement Agreement, the Company had previously accrued $6.6 million for concrete tie warranty replacements. Therefore, the Company recognized $43.4 million in expense for the year ended December 31, 2018 for the remaining amount per the Settlement Agreement.

Accounting Method Change

During the fourth quarter of 2018, the Company changed its method of accounting for certain inventory in the United States from the last-in, first-out ("LIFO") method to the average cost method. All prior periods presented have been retrospectively adjusted to apply the new method of accounting.

Quantitative reconciliations of the prior period adjustments are included within this presentation.

Other Matters

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 net income;
- Adjusted earnings per share ("EPS").

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 are non-GAAP measures, which include certain adjustments to EBITDA and reported GAAP net loss and diluted EPS. In 2018, the Company made adjustments to exclude in impact of the UPRR concrete tie settlement agreement.

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, and adjusted EPS are included within this presentation.






Financial Highlights

Executive Summary

- During the fourth quarter of 2018, the Company entered into the Settlement Agreement with UPRR, resulting in an expense of $43.4 million
- Strong new orders and backlog activity drove improved financial results, primarily by rail market spending and civil construction activity
  - New orders and backlog levels both significantly increased over the prior year period
- Fourth quarter 2018 sales increased by $23.2 million, or 16.4%, over the prior year quarter
  - Driven by 18.7%, 15.3%, and 13.1% increases in the Rail, Construction, and Tubular segments, respectively
- Gross profit increased by $2.4 million over the prior year quarter to $30.6 million
- Adjusted EBITDA[1] for the fourth quarter 2018 was $11.4 million, a 6.8% increase over the prior year quarter
- Debt reduced by $55.0 million for the year ended December 31, 2018
- Continued reduction of Net Debt to adjusted EBITDA[1]
  - Net Debt to adjusted EBITDA[1] ratio ended at 1.56x for the trailing twelve months

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

Financial Highlights

Metrics	Q4 2018	Q4 2017	Variance
Sales	$164.5 million	$141.3 million	$23.2 million, 16.4%
Gross Profit	$30.6 million	$28.2 million	$2.4 million, 8.6%
Gross Profit Margin	18.6%	19.9%	(130) bps
Earnings per Diluted Share	$(3.97)	$0.01	$(3.98)
Adjusted Earnings per Diluted Share[1]	$0.21	$0.01	$0.20
Adjusted EBITDA[1]	$11.4 million	$10.6 million	$0.7 million, 6.8%
Operating Cash Flow	$3.5 million	$11.9 million	$(8.3) million
New Orders	$138.7 million	$115.5 million	$23.3 million, 20.2%
Backlog	$220.4 million	$166.9 million	$53.5 million, 32.1%

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

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New Order Summary

($ in millions)	New Orders Entered		Delta	
	Three Months Ended December 31, 2018	Three Months Ended December 31, 2017	$	%
Rail Products and Services	$ 73.9	$ 52.0	$ 21.9	42.2%
Construction Products	25.1	32.8	(7.7)	(23.4)
Tubular and Energy Services	39.7	30.7	9.0	29.4
Total	**$ 138.7**	**$ 115.5**	**$ 23.3**	**20.2%**
	Year Ended December 31, 2018	**Year Ended December 31, 2017**	**$**	**%**
Rail Products and Services	$ 352.8	$ 263.9	$ 88.9	33.7%
Construction Products	185.8	157.7	28.0	17.8
Tubular and Energy Services	149.7	130.5	19.1	14.7
Total	**$ 688.2**	**$ 552.2**	**$ 136.1**	**24.6%**

Note: Figures may not foot due to rounding

Backlog Summary

($ in millions)	Backlog				Delta		
	December 31, 2018		December 31, 2017		$		%
Rail Products and Services	$	97.4	$	68.9	$	28.6	41.5%
Construction Products		95.4		71.3		24.1	33.8
Tubular and Energy Services		27.6		26.7		0.8	3.0
Total	**$**	**220.4**	**$**	**166.9**	**$**	**53.5**	**32.1%**

Note: Figures may not foot due to rounding






Business Review

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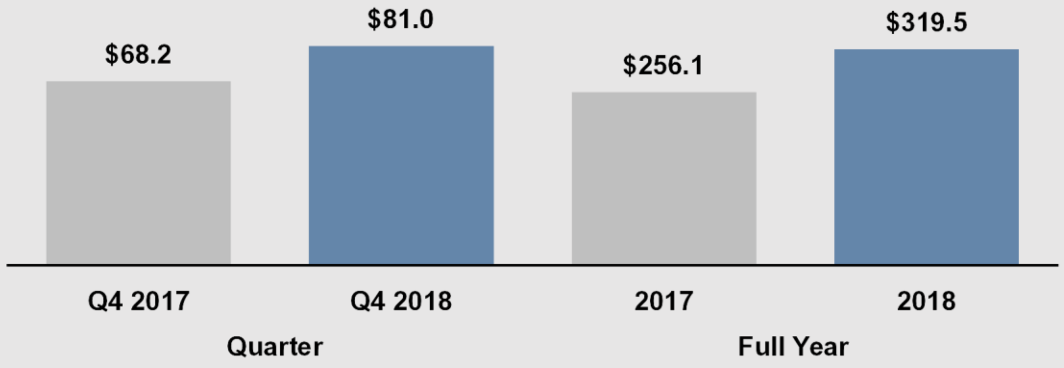
Rail Products and Services

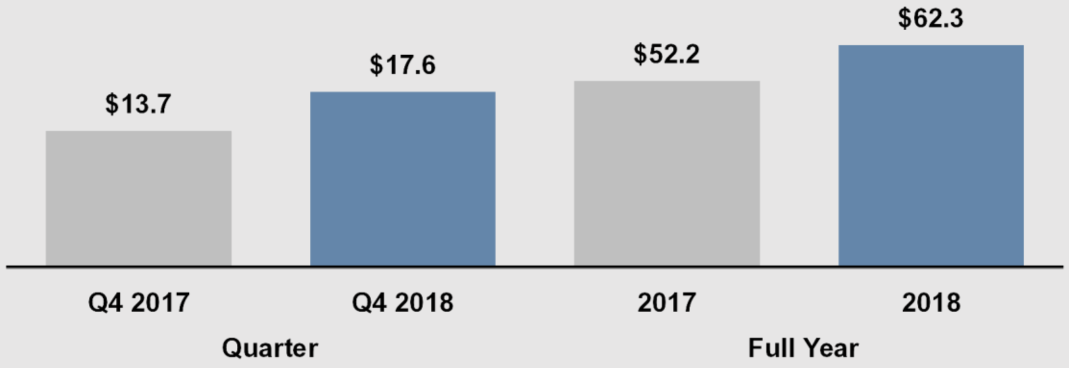
2018 Results

Sales

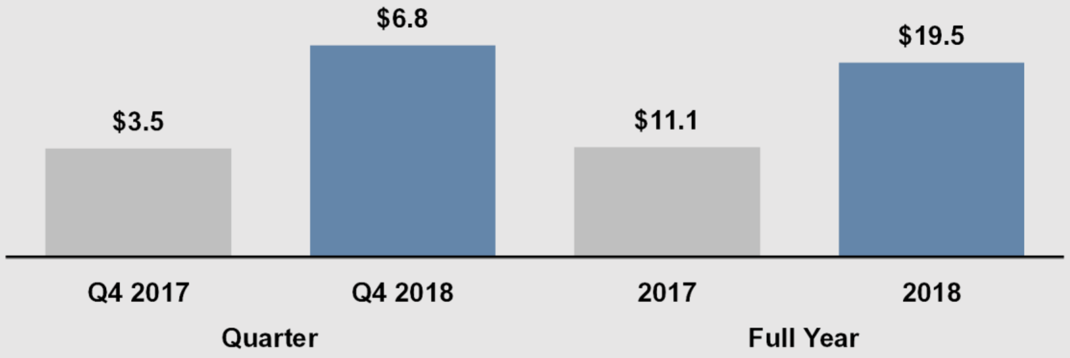


- Sales increased from both our North American and European rail operations
  - The NA rail increase was driven by capital spending and traffic within the freight rail market and continued strength in transit projects
  - European sales increased primarily due to the transit market, including our services for London's Crossrail project
- Gross profit increased in both Rail Products and Rail Technologies divisions
- Segment SG&A expense as a percentage of sales declined year over year as a result of successful cost containment programs
- 2018 new order activity increased by 33.7% compared to the prior year, which resulted in an ending backlog 41.5% higher than the prior year end
- North American rail traffic continued to improve and global transit projects provided opportunity in the markets we serve

Gross Profit



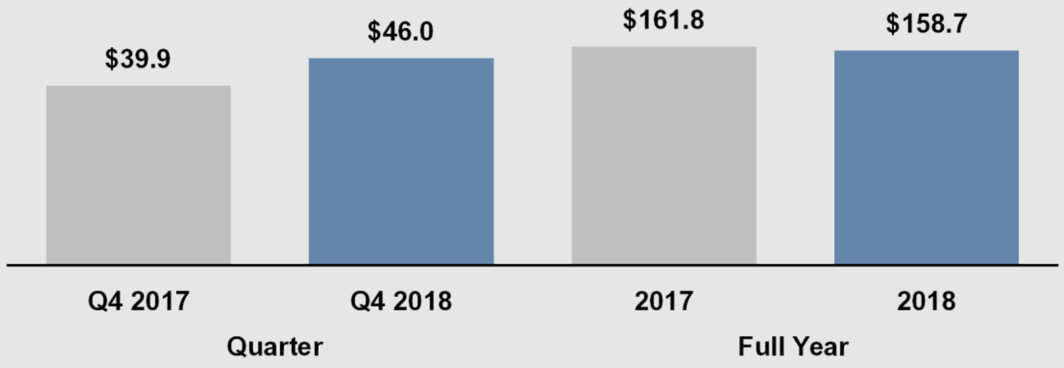
Segment Profit



Construction Products

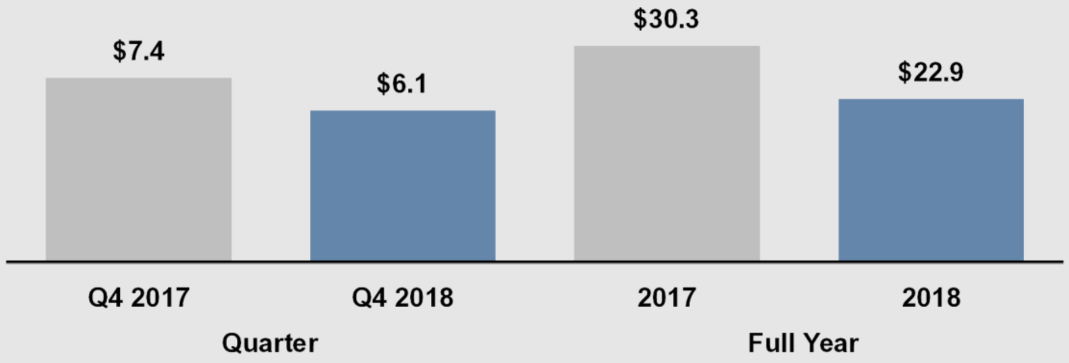
2018 Results

Sales

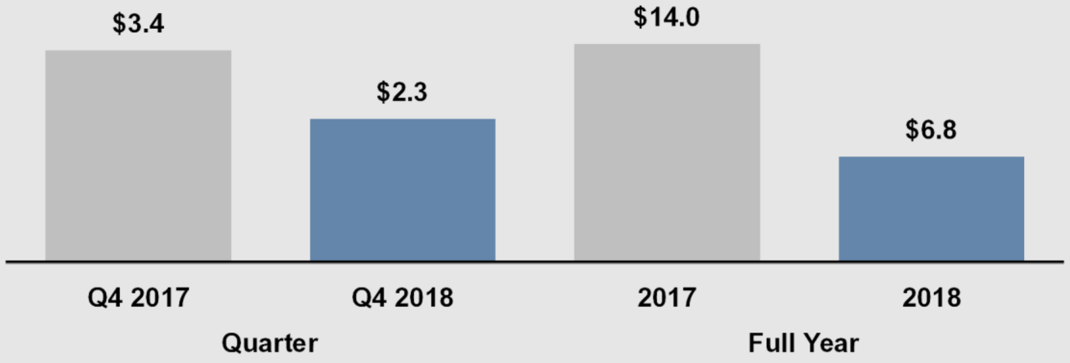


- Sales decreased for the full year 2018 primarily due to the lack of a mega project within our Fabricated Bridge business unit
  - Partially offsetting the decline were increases within Piling and Precast Concrete Products
- Gross profit was negatively impacted by the reduced sales volume and an unexpected production interruption within one of our concrete facilities
- Segment SG&A expense decreased when compared to the prior year
- 2018 new order activity increased by 17.8% compared to the prior year with increases in Piling and Fabricated Bridge Products as well as Precast Concrete Products
- The segment exited 2018 with a backlog 33.8% higher than the prior year end which positions the segment for a strong beginning of 2019

Gross Profit



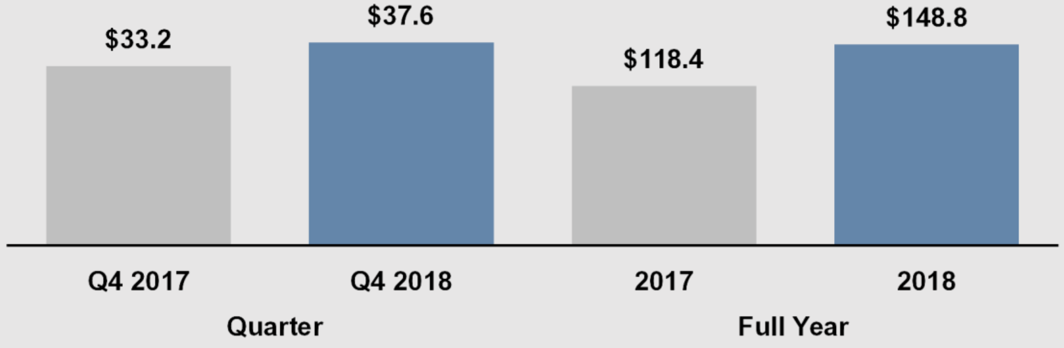
Segment Profit



Tubular and Energy Services

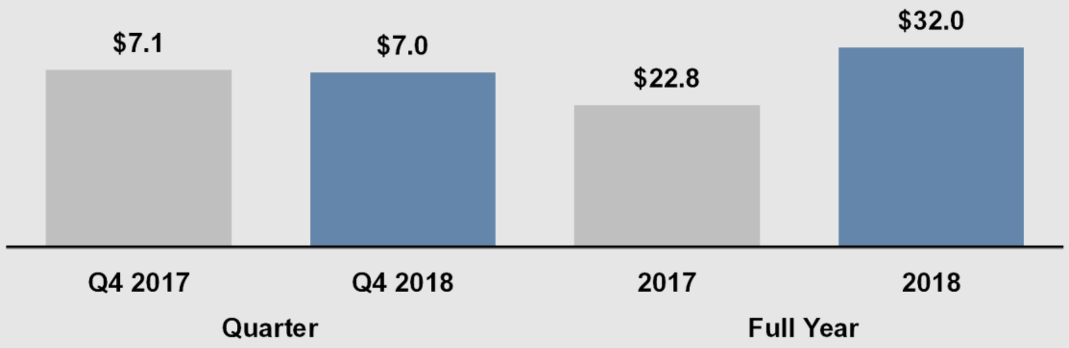
2018 Results

Sales

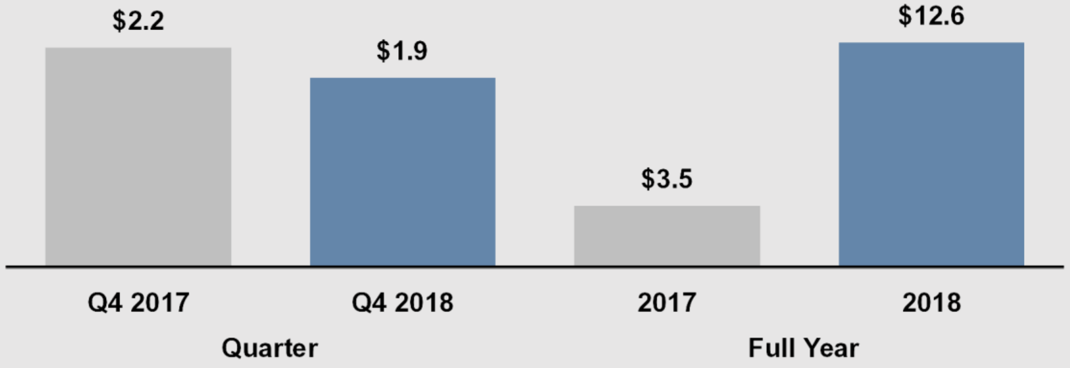


- The 2018 sales and gross profit increases were supported by growth in each of our Tubular and Energy businesses
- Full year 2018 gross profit profit margin increased by 230 basis points over the prior year
- Cost containment activities successfully reduced SG&A expense as a percentage of sales by 270 basis points
- 2018 new order activity increased over the prior year by 14.7%
    - Highlighted by growth from each of our businesses within the segment
    - Backlog as of December 31, 2018 increased by 3.0% over the prior year end
- Continued growth from pipeline projects and improved conditions in the upstream oil and gas market provided for 2018 segment growth

Gross Profit



Segment Profit








Appendix

Consolidated Income Statements - Fourth Quarter

($ in millions, except per share)	Three Months Ended December 31, 2018			Three Months Ended December 31, 2017			Delta		
		$	%		$	%		$	%
Sales	$	164.5	—	$	141.3	—	$	23.2	16.4%
Gross profit		30.6	18.6		28.2	19.9		2.4	8.6
SG&A		22.2	13.5		20.5	14.5		1.7	8.3
Amortization expense		1.8	1.1		1.8	1.3		—	—
Concrete Tie Settlement expense		43.4	26.4		—	—		43.4	100.0
Interest expense, net		1.3	0.8		1.9	1.4		(0.6)	(30.2)
Other (income) expense		(0.1)	(0.1)		0.2	0.1		(0.3)	(175.8)
Pre-tax (loss) income		(38.0)	(23.1)		3.8	2.7		(41.8)	n/m
Net (loss) income	**$**	**(41.2)**	**(25.0)%**	**$**	**0.1**	**0.1%**	**$**	**(41.2)**	**n/m**
Diluted (loss) earnings per share	**$**	**(3.97)**		**$**	**0.01**		**$**	**(3.98)**	
EBITDA[1]	**$**	**(32.0)**	**(19.5)%**	**$**	**10.6**	**7.5%**	**$**	**(42.7)**	**(401.3)%**
Adjusted net income[1]	**$**	**2.2**	**1.4%**	**$**	**0.1**	**0.1%**	**$**	**2.2**	**n/m**
Adjusted diluted earnings per share[1]	**$**	**0.21**		**$**	**0.01**		**$**	**0.20**	
Adjusted EBITDA[1]	**$**	**11.4**	**6.9%**	**$**	**10.6**	**7.5%**	**$**	**0.7**	**6.8%**

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

Consolidated Income Statements - Full Year

($ in millions, except per share)	Year Ended December 31, 2018 $	Year Ended December 31, 2018 %	Year Ended December 31, 2017 $	Year Ended December 31, 2017 %	Delta $	Delta %
			Audited			
Sales	$ 627.0	—	$ 536.4	—	$ 90.6	16.9%
Gross profit	117.2	18.7	105.3	19.6	11.9	11.3
SG&A	87.7	14.0	80.5	15.0	7.2	8.9
Amortization expense	7.1	1.1	7.0	1.3	0.1	1.5
Concrete Tie Settlement expense	43.4	6.9	—	—	43.4	100.0
Interest expense, net	6.2	1.0	8.1	1.5	(1.9)	(23.7)
Other income	(0.5)	(0.1)	(0.4)	(0.1)	(0.1)	23.6
Pre-tax (loss) income	(26.7)	(4.3)	10.1	1.9	(36.8)	(365.8)
Net (loss) income	**$ (31.2)**	**(5.0)%**	**$ 5.4**	**1.0%**	**$ (36.5)**	**(681.4)%**
Diluted (loss) earnings per share	**$ (3.01)**		**$ 0.51**		**$ (3.52)**	
EBITDA[1]	**$ (2.0)**	**(0.3)%**	**$ 38.0**	**7.1%**	**$ (39.9)**	**(105.2)%**
Adjusted net income[1]	**$ 12.2**	**2.0%**	**$ 5.4**	**1.0%**	**$ 6.9**	**128.2%**
Adjusted diluted earnings per share[1]	**$ 1.17**		**$ 0.51**		**$ 0.66**	
Adjusted EBITDA[1]	**$ 41.4**	**6.6%**	**$ 38.0**	**7.1%**	**$ 3.5**	**9.2%**

(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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Segment Results

Sales **($ in millions)**	**Three Months Ended December 31, 2018**			**Three Months Ended December 31, 2017**			**Delta**		
		$	**% of Total**		**$**	**% of Total**		**$**	**%**
Rail Products and Services	$	81.0	49.2%	$	68.2	48.3%	$	12.7	18.7%
Construction Products		46.0	28.0		39.9	28.2		6.1	15.3
Tubular and Energy Services		37.6	22.8		33.2	23.5		4.3	13.1
Total	**$**	**164.5**		**$**	**141.3**		**$**	**23.2**	**16.4%**

Segment Profit **($ in millions)**	**Three Months Ended December 31, 2018**			**Three Months Ended December 31, 2017**			**Delta**		
		$	**% Margin**		**$**	**% Margin**		**$**	**%**
Rail Products and Services	$	6.8	8.4%	$	3.5	5.1%	$	3.3	94.9%
Construction Products		2.3	5.0		3.4	8.6		(1.1)	(32.2)
Tubular and Energy Services		1.9	5.2		2.2	6.6		(0.3)	(11.4)
Segment Profit		11.1	6.7		9.1	6.4		2.0	21.5
Corporate/Unallocated		(49.1)	(29.8)		(5.3)	(3.8)		(43.8)	n/m
Total	**$**	**(38.0)**	**(23.1)%**	**$**	**3.8**	**2.7%**	**$**	**(41.8)**	**n/m**

Note: Figures may not foot due to rounding

Consolidated Balance Sheets

($ in millions)	December 31, 2018		December 31, 2017	
			Audited	
ASSETS				
Current assets:				
Cash and cash equivalents	$	10.3	$	37.7
Accounts receivable – net		86.1		76.6
Inventories – net		124.5		102.7
Other current assets		5.8		9.3
Total current assets		**226.7**		**226.3**
Property, plant, and equipment – net		86.9		96.1
Other assets:				
Goodwill		19.3		19.8
Other intangibles – net		49.8		57.4
Other assets		0.5		2.1
TOTAL ASSETS	**$**	**383.2**	**$**	**401.7**
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts payable and accrued liabilities	$	113.6	$	92.9
Current portion of accrued settlement		10.0		—
Current maturities of long-term debt		0.6		0.7
Total current liabilities		**124.2**		**93.5**
Long-term debt		74.4		129.3
Long-term portion of accrued settlement		40.0		—
Other long-term liabilities		22.5		24.4
Total stockholders' equity		**122.1**		**154.5**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$**	**383.2**	**$**	**401.7**

Note: Figures may not foot due to rounding

Consolidated Cash Flows

($ in millions)	Year Ended December 31, 2018		Year Ended December 31, 2017	
			Audited	
Net income and non-cash items	$	34.4	$	25.7
Receivables		(11.4)		(9.2)
Inventory		(23.4)		(14.7)
Payables and deferred revenue		20.7		17.0
Working capital subtotal		**(14.1)**		**(6.8)**
All other		5.7		20.5
Operating cash flow		**26.0**		**39.4**
Capital expenditures		(5.3)		(6.1)
Debt (payments) / proceeds – net		(55.0)		(29.6)
All other		6.9		3.6
Net (decrease) / increase in cash		**(27.4)**		**7.3**
Cash balance, end of period	**$**	**10.3**	**$**	**37.7**

Note: Figures may not foot due to rounding

Non-GAAP Financial Measures: Adjusted EBITDA

($ in millions)	Three Months Ended		Year Ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Net (loss) income, as reported	$ (41.2)	$ 0.1	$ (31.2)	$ 5.4
Interest expense, net	1.3	1.9	6.2	8.1
Income tax expense	3.2	3.7	4.5	4.7
Depreciation expense	2.8	3.1	11.5	12.8
Amortization expense	1.8	1.8	7.1	7.0
Total EBITDA	$ (32.0)	$ 10.6	$ (2.0)	$ 38.0
Concrete Tie Settlement expense	43.4	—	43.4	—
Adjusted EBITDA	**$ 11.4**	**$ 10.6**	**$ 41.4**	**$ 38.0**

Note: Figures may not foot due to rounding

Non-GAAP Financial Measures: Adjusted EPS

($ in millions)	Three Months Ended				Year Ended			
	December 31, 2018		December 31, 2017		December 31, 2018		December 31, 2017	
Net (loss) income, as reported	$	(41.2)	$	0.1	$	(31.2)	$	5.4
Concrete Tie Settlement expense		43.4		—		43.4		—
Adjusted net income	$	2.2	$	0.1	$	12.2	$	5.4
Average number of common shares outstanding - Diluted, as reported		10.4		10.6		10.4		10.5
Diluted (loss) earnings per common share, as reported	**$**	**(3.97)**	**$**	**0.01**	**$**	**(3.01)**	**$**	**0.51**
Average number of common shares outstanding - Diluted, as adjusted		10.5		10.6		10.5		10.5
Diluted earnings per common share, as adjusted	**$**	**0.21**	**$**	**0.01**	**$**	**1.17**	**$**	**0.51**

Note: Figures may not foot due to rounding

Change in Accounting Policy

($ in millions)	Three Months Ended December 31, 2017					
	As originally reported under LIFO		Effect of change		As adjusted under average cost	
Consolidated Income Statement						
Gross profit	$	27.9	$	0.3	$	28.2
Income before income taxes		3.5		0.3		3.8
Net income (loss)	$	0.3	$	(0.2)	$	0.1
Diluted earnings (loss) per share	$	0.03	$	(0.02)	$	0.01
EBITDA	$	10.4	$	(0.3)	$	10.6

Note: Figures may not foot due to rounding

Change in Accounting Policy

($ in millions)	Year Ended December 31, 2017		
	As originally reported under LIFO	Effect of change	As adjusted under average cost
Consolidated Income Statement			
Gross profit	$ 103.3	$ 2.0	$ 105.3
Income before income taxes	8.0	2.0	10.1
Net income	$ 4.1	$ 1.2	$ 5.4
Diluted earnings per share	$ 0.39	$ 0.12	$ 0.51
EBITDA	$ 36.0	$ 2.0	$ 38.0

Note: Figures may not foot due to rounding

Change in Accounting Policy

($ in millions)	December 31, 2017		
	As originally reported under LIFO	Effect of change	As adjusted under average cost
Consolidated Balance Sheet			
Inventories – net	$ 97.5	$ 5.2	$ 102.7
Other long-term liabilities	27.3	(2.8)	24.4
Total stockholders' equity	$ 146.5	$ 8.0	$ 154.5

Note: Figures may not foot due to rounding

Change in Accounting Policy

($ in millions)	Year Ended December 31, 2017		
	As originally reported under LIFO	Effect of change	As adjusted under average cost
Consolidated Cash Flows			
Net (loss) income	$ 4.1	$ 1.2	$ 5.4
Deferred income taxes	(2.0)	0.8	(1.2)
Inventories	$ (12.6)	$ (2.0)	$ (14.7)

Note: Figures may not foot due to rounding