



BAIRD GLOBAL INDUSTRIAL CONFERENCE NOVEMBER 7, 2019

Bob Bauer – President and Chief Executive Officer
Jim Maloney – Senior Vice President and Chief Financial Officer



Safe Harbor Statement

This presentation and oral statements regarding the subject matter may contain “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995. We caution you that such statements involve risks, uncertainties, and assumptions which could cause actual results to differ materially from those expressed or implied in such statements. L.B. Foster Company (“Company”) has based these forward-looking statements on management’s current expectations and assumptions of future events. While the Company considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory, political, and other risks and uncertainties, most of which are difficult to predict, and many of which are beyond the Company's control. Among the factors that could cause actual results to differ materially are risks and uncertainties related to: a resumption of the economic slowdown we experienced in previous years in the markets we serve; a decrease in freight or passenger rail traffic; economic conditions and regulatory changes caused by the United Kingdom’s 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; the impact of acquisitions and other strategic investments; the effective continued implementation of an enterprise resource planning system; our ability to effectuate our strategy, including cost reduction initiatives; the ability to manage our working capital requirements and indebtedness, the adequacy of internal and external sources of funds to meet financing needs, cyber-security risks such as data security breaches, malware, “hacking”, and identity theft, a failure of which could disrupt our business and result in damage to our systems, increase costs and losses, or reputational damages; environmental matters, including any costs associated with any remediation and monitoring; risks inherent in litigation; and those matters set forth in Item 8, Footnote 19, “Commitments and Contingent Liabilities” and in Item 1A, “Risk Factors” of the Company’s Form 10-K for the year ended December 31, 2018, and as updated and amended in our Quarterly Reports on Form 10-Q thereafter.

All information in this presentation speaks only as of November 7, 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.

Non-GAAP Financial Measures

This investor 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”)
- Net debt

Management believes that EBITDA is useful to investors as a supplemental way to evaluate the ongoing operations of the Company’s business since EBITDA enhances investors’ ability to compare historical periods by adjusting 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 its financial and operational decision-making and in the determination of certain compensation programs. Additionally, adjusted EBITDA which includes certain adjustments to EBITDA is a non-GAAP measure. In 2018, the Company made adjustments to exclude the impact of the Union Pacific Railroad concrete tie settlement agreement. The Company views net debt, which is total debt less cash and cash equivalents, as an indicator of our ability to incur additional debt and to service our existing debt.

Non-GAAP financial measures are not a substitute for GAAP financial results and should only be considered in conjunction with the Company’s financial information that is presented in accordance with GAAP. Quantitative reconciliations of EBITDA, adjusted EBITDA, and net debt are included within this presentation.



FINANCIAL HIGHLIGHTS

LBFoster®

Investor Presentation Released November 7, 2019

Financial Highlights

Metrics	YTD Sept 30, 2019	YTD Sept 30, 2018	Variance
Sales	\$505.7 million	\$462.4 million	\$43.2 million, 9.4%
Gross Profit	\$94.0 million	\$86.6 million	\$7.4 million, 8.6%
Gross Profit Margin	18.6%	18.7%	(10) bps
Earnings per Diluted Share	\$1.53	\$0.95	\$0.58
EBITDA¹	\$36.1 million	\$30.1 million	\$6.0 million, 19.9%
Operating Cash Flow	\$13.3 million	\$22.4 million	\$(9.1) million

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

Operating Performance

\$ in millions

	YTD December 31,				
	2016	2017	2018	2019 Forecast	3 Year CAGR
Revenue	\$484	\$536	\$627	\$660 - \$675	11% - 12%
Adjusted EBITDA ¹	\$19	\$38	\$41	\$45+	33%+

Improving operating performance for the last three years

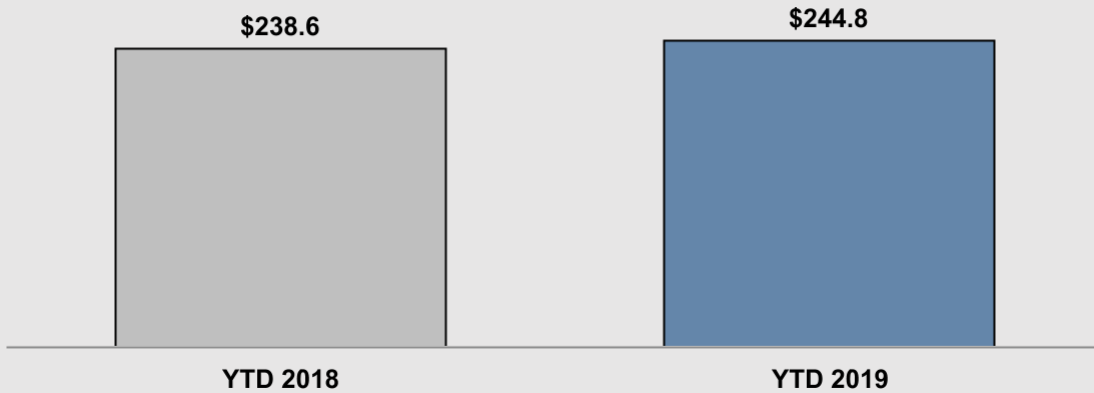
(1) See non-GAAP reconciliation tables at the end of this presentation regarding non-GAAP measures used herein

Rail Products and Services

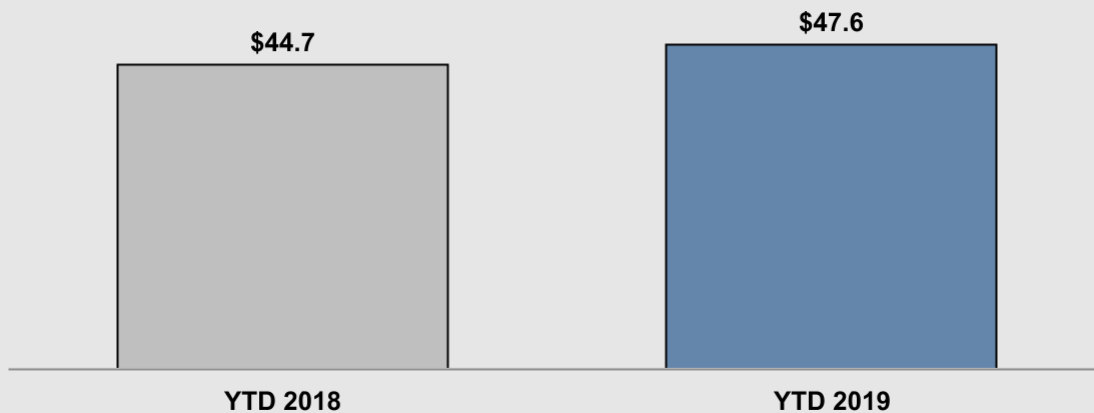
YTD September 30 Results

Sales

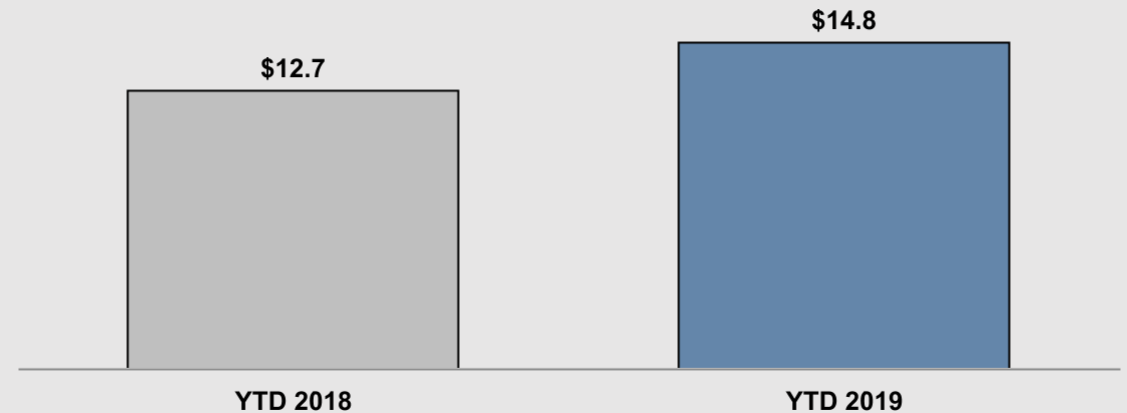
- Year-to-date 2019 sales increase of 2.6% was driven by the following:
 - Demand for new rail and insulated joints
 - Transit projects expansion worldwide
- Year-to-date segment profit remained strong and increased \$2.2 million, or 17.1%, compared to the prior year-to-date period



Gross Profit



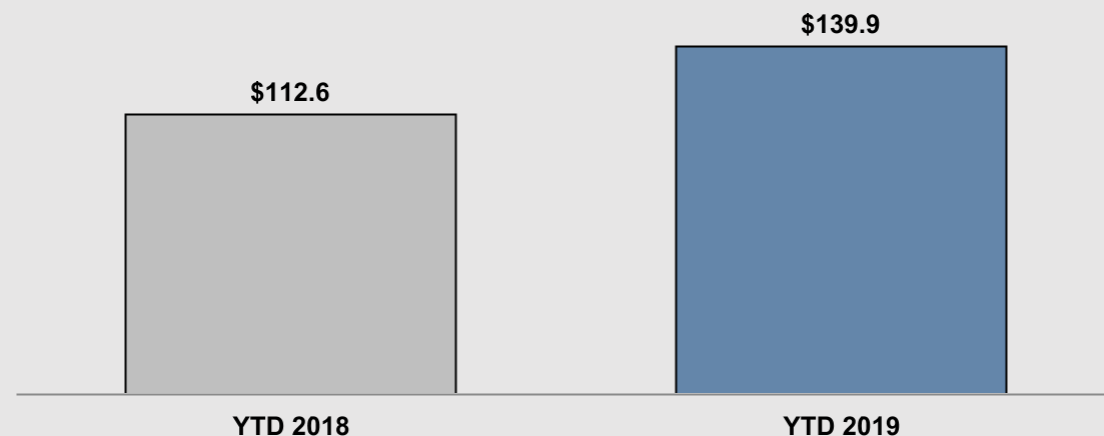
Segment Profit



Construction Products

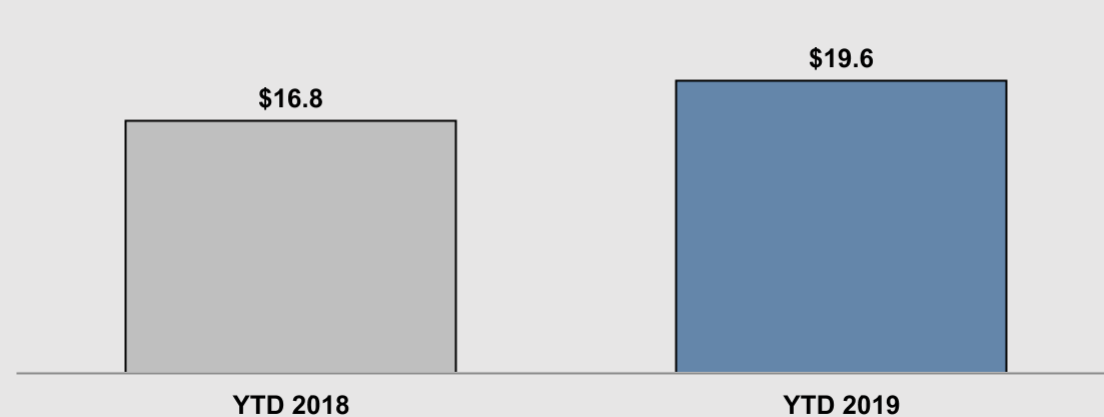
YTD September 30 Results

Sales

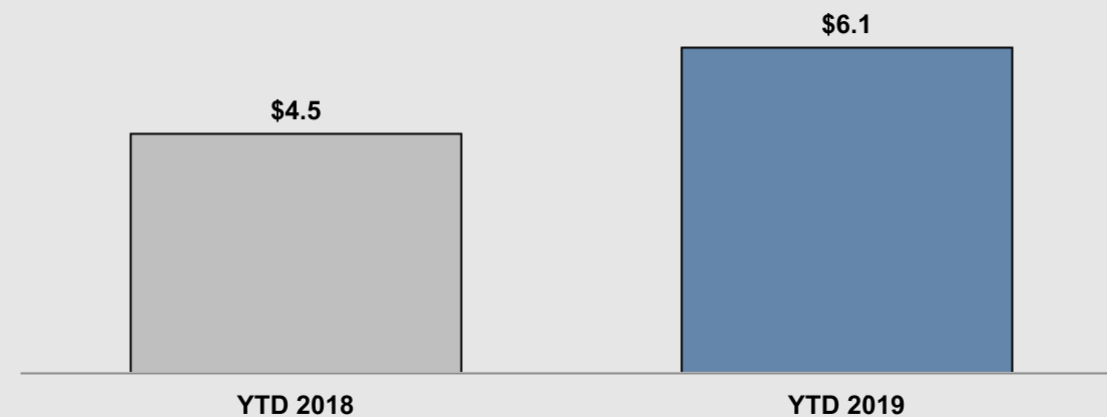


- Sales increased in each division within the segment
- Piling increased 26.8% and was favorably impacted by continued activity on the Port Everglades project
- Fabricated Bridge saw a 23.3% increase as a result of higher demand for its steel decking and railing products
- Precast Concrete Products increased 21.4% primarily from sales of precast concrete buildings
- Segment profit increased \$1.6 million, or 36.1% compared to the prior year-to-date period

Gross Profit



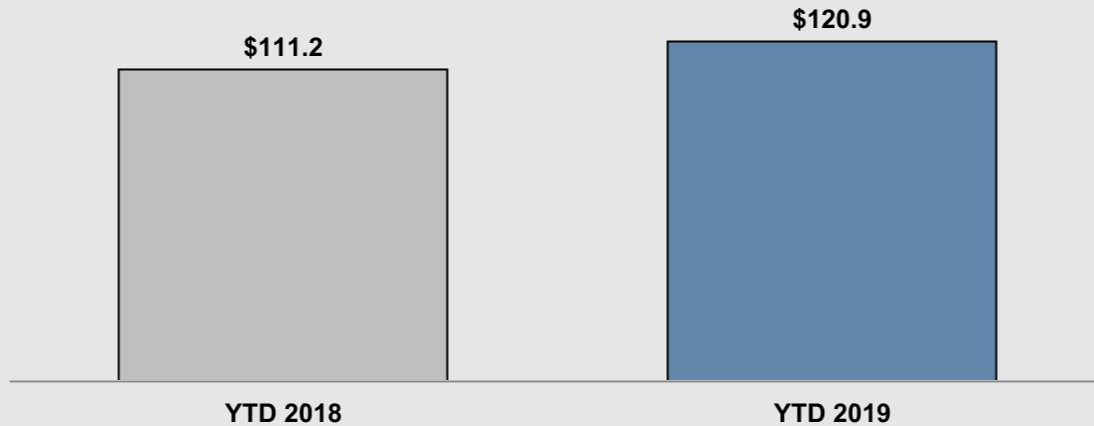
Segment Profit



Tubular and Energy Services

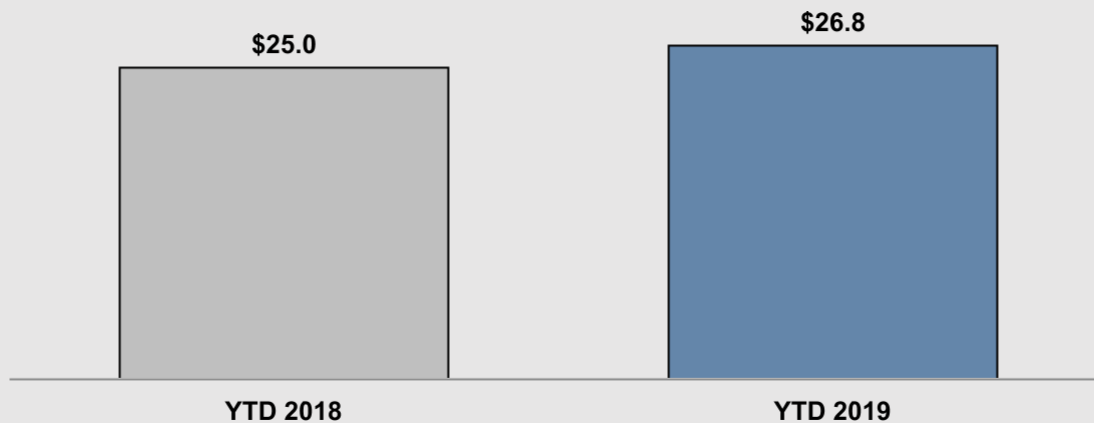
YTD September 30 Results

Sales

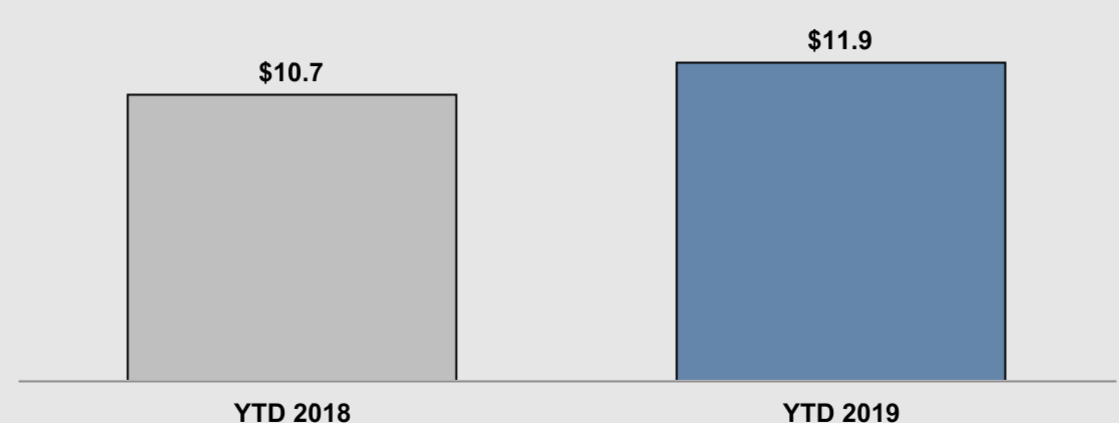


- Sales increased by 8.7% from the prior year
- The increase was primarily driven by strong demand within the midstream market, positively impacting Protective Coatings and Precision Measurement businesses
- Segment profit increased \$1.2 million, or 11.5%, compared to the prior year-to-date period

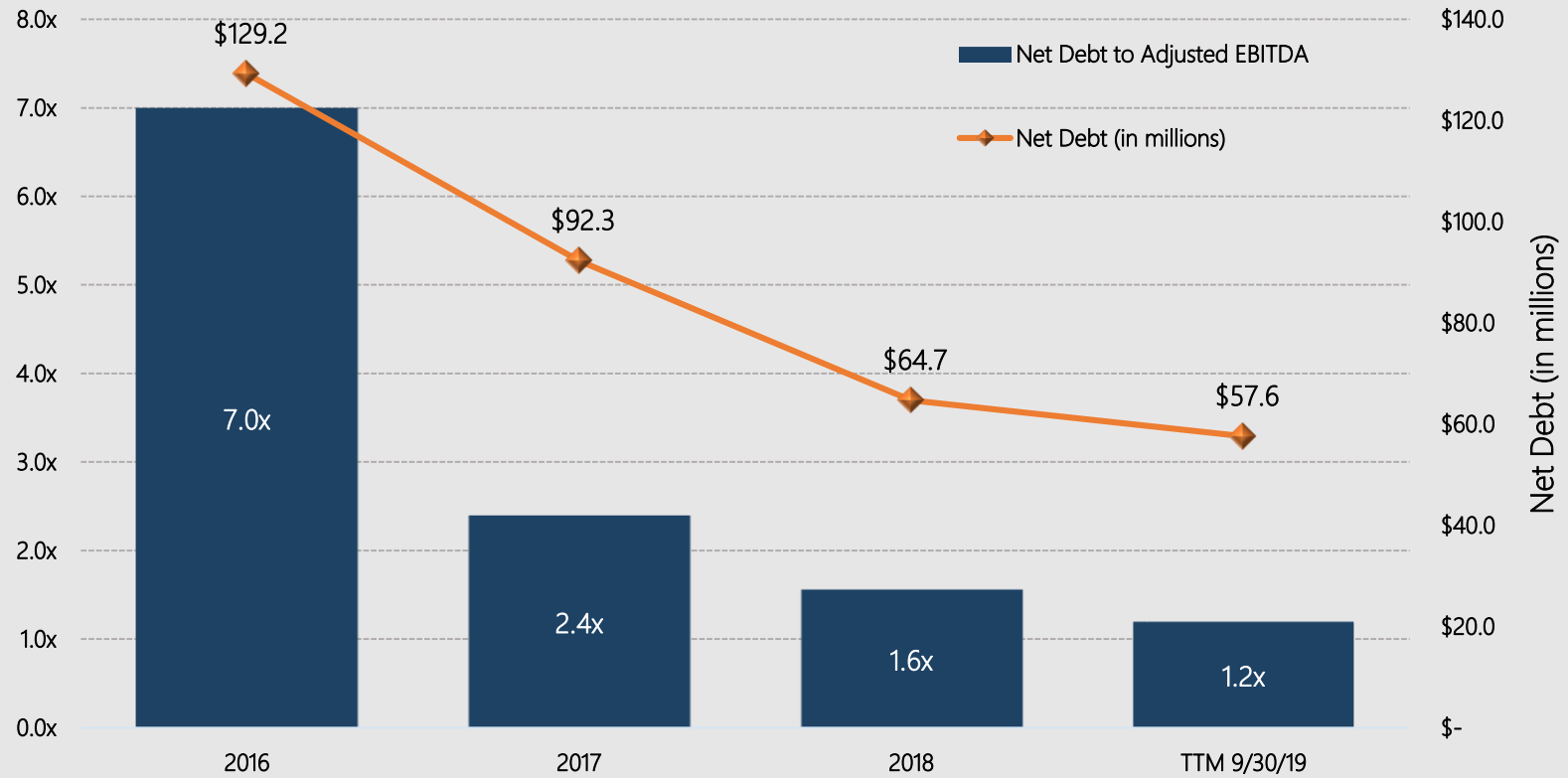
Gross Profit



Segment Profit



Change in Net Debt¹ to Adjusted EBITDA¹






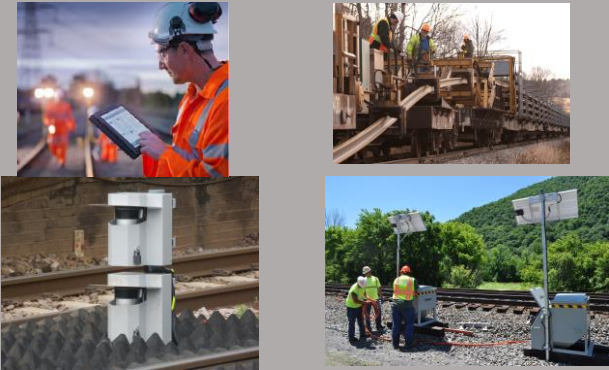

(1) See non-GAAP reconciliation tables at the end of this presentation regarding non-GAAP measures used herein.



BUSINESS REVIEW

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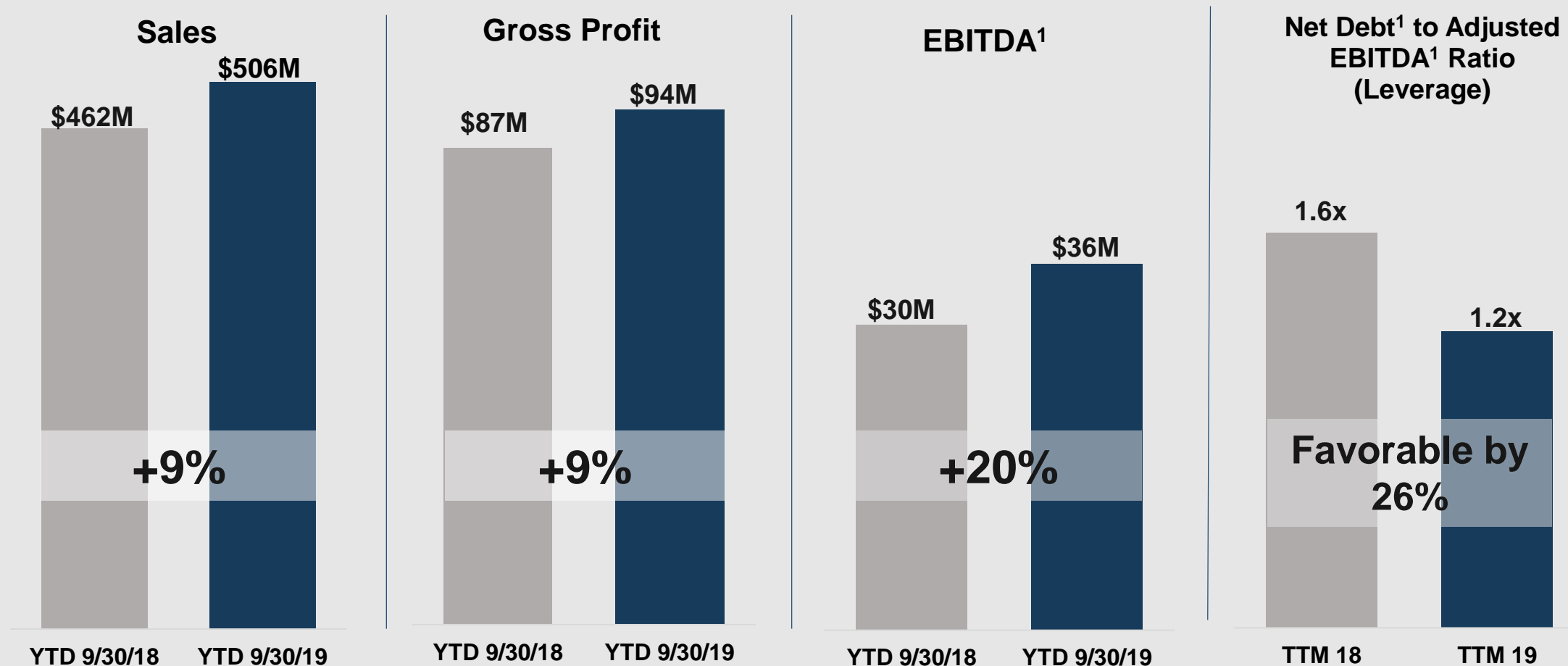
Business Profile

Markets We Serve	Transportation Infrastructure		Energy Infrastructure	
Segment	Rail Products and Services	Construction Products	Tubular and Energy Services	
% Revenue (YTD 9/30/19)				
Recent Emphasis	<ul style="list-style-type: none"> Rail Technologies On-track services 	<ul style="list-style-type: none"> Expanding precast products and geographical footprint Bridge peripheral components 	<ul style="list-style-type: none"> Focus on midstream applications New measurement applications 	
Product Overview				

Globalization and Mobility Drive Transportation and Energy

<u>Drivers</u>	<u>Impact on FSTR</u>
<p>Congested highways, pollution/emissions (Increasing use of public transportation)</p>	<p>Transit rail and highway capacity demand</p>
<p>Globalization, search for best supply chains and cost (Efficiently moving people and freight constantly, around the world)</p>	<p>Need for intermodal transportation, ports & terminals; investment in energy production, transport & pipelines</p>
<p>Lower cost unconventional sources of oil, gas and natural gas liquids (North American transition from a net importer to a net exporter of energy)</p>	<p>Investment for export based infrastructure (pipelines and terminals)</p>
<p>Abundance and cost of gas, and environmental regulations (Natural gas is a faster growing energy source replacing coal)</p>	<p>Upstream services and midstream transportation, offset by less coal transported by rail</p>
<p>Aging Infrastructure</p>	<p>Construction products demand: Precast concrete products, bridge decking, piling</p>
<p>Clean energy (Increase in renewable energy sources)</p>	<p>Headwind for growth of hydrocarbons and coal</p>

Creating Value for Our Shareholders by Improving Profitability



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

Improving Operating Efficiency and Driving Growth

\$ in millions

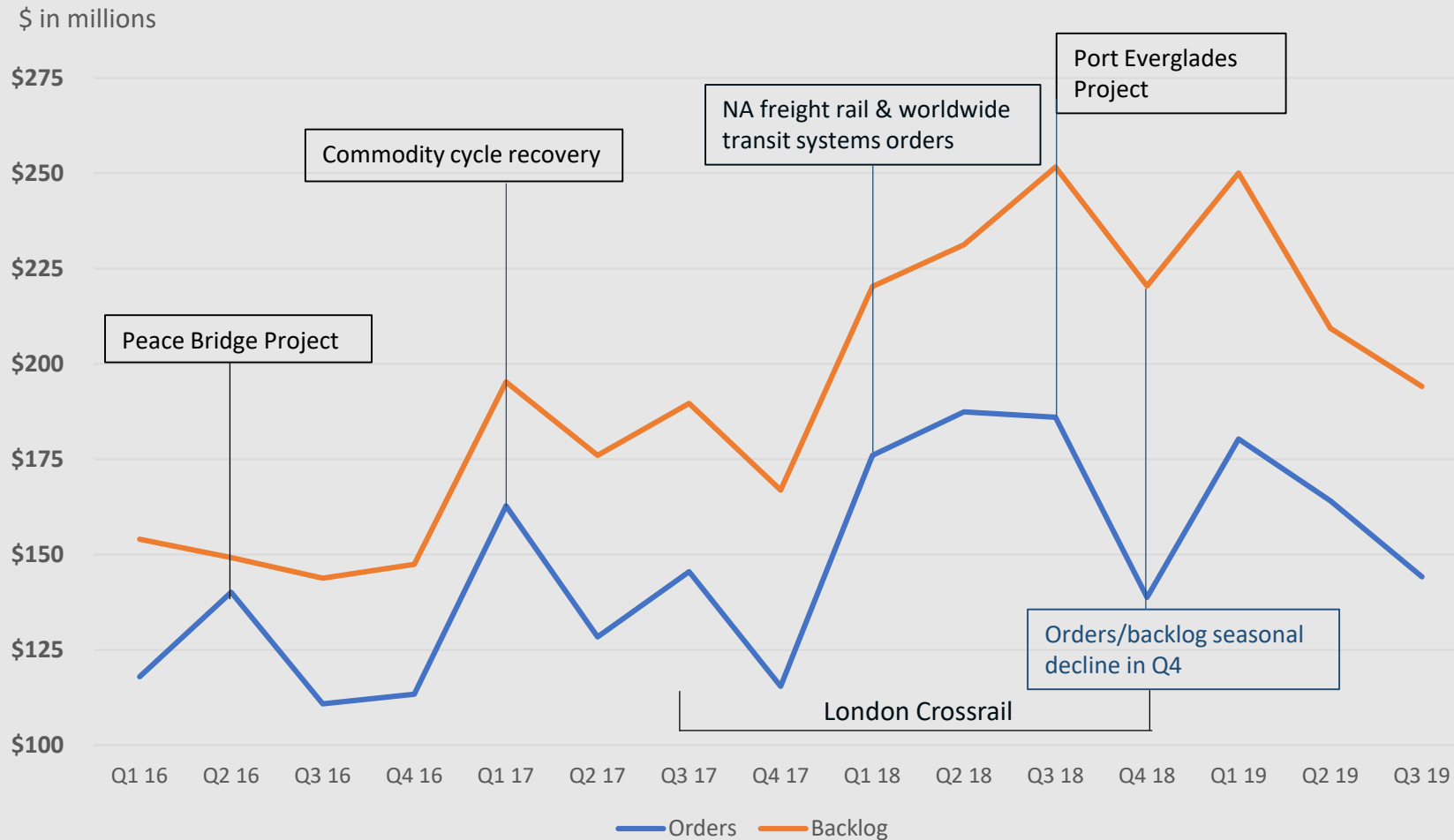
	YTD December 31, 2017	YTD December 31, 2018	YTD December 31, 2019 Forecast
Adjusted EBITDA ¹	\$38	\$41	\$45+
Capital Spending	\$6	\$5	\$8 – \$11

Several actions aimed to drive improvement in operating efficiency and growth

- Precision Measurement facility expansion
- Bridge Products' new machine software shortens production schedule
- Automation equipment in Test and Inspection business
- Relocation of Precast Concrete plant from Spokane, WA to Boise, ID
- Continuous improvement key component in company business system

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

Orders and Backlog History



Past Significant Orders

- Peace Bridge (Q2 2016) - \$15M, 194,000 sq. ft. steel grid decking and 17,400 lin. ft. railing for international bridge rehab
- Commodity cycle recovery (Q1 2017)
- London Crossrail – Services for public address voice alarm safety systems, CCTV safety monitoring systems and controls and displays commence (Q3 2017); project is winding down (2019-2020)
- North American freight rail and worldwide transit system orders pick up (Q1 2018)
- Port Everglades (Q3 2018) - \$28M, 5,000 lin. ft. steel sheet piling, wide flange beams and accessories

Q4 2019 Orders

- Secured several orders worth \$40M in October

Strategic Initiatives – Evolution toward Rail Technologies



Rockfall Monitoring System



Avalanche Detection System



LIDAR Obstacle Detection

Condition monitoring improves safety, prevents unplanned downtime



Friction management field services



Friction management wayside system



LCF solid stick on-board lubricant

Friction management services and advanced mobile solutions reduce wear and improve operating conditions

Advanced technologies and new business models

Strategic Initiatives - Construction Products: Expanding Precast Concrete Products Business



Precast concrete building



Prestressed box beams



Box culverts

Expanding precast product line and geographic footprint
Opportunity for greater scale with low risk business model



Flat web steel sheet pile



H-Piles



Peace Bridge – Buffalo, NY to Fort Erie, ON

Piling business focusing on logistics model and yard locations to obtain lower delivery costs; expect new bridge rehab projects in 2020 and beyond

Strategically locate facilities and reduce our logistics costs

Strategic Initiatives – Midstream Focus in Energy Segment



Coating Facility, Birmingham, AL



Coating Facility, Birmingham, AL

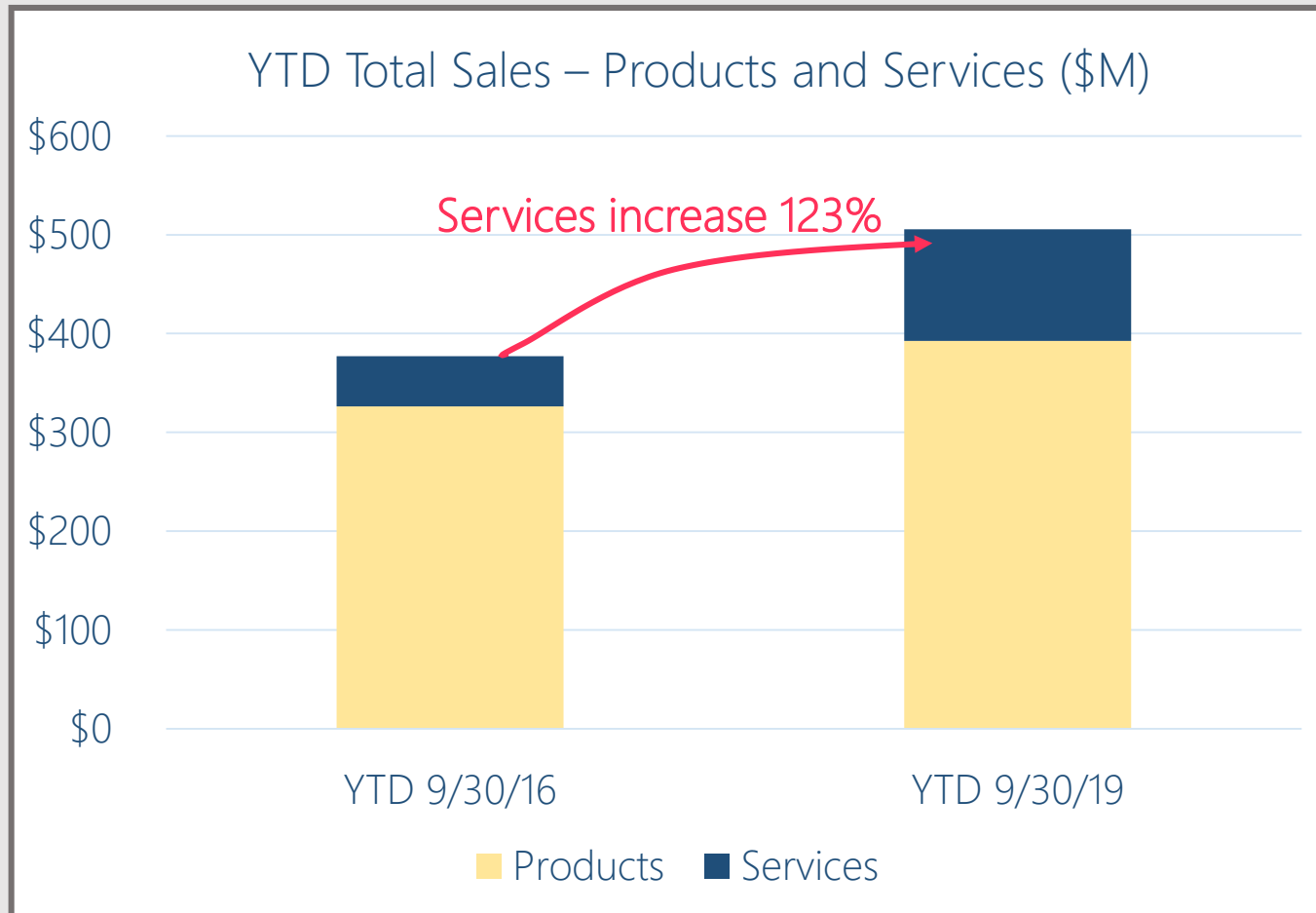


Precision Measurement, Willis, TX

- Expansion of Willis, TX precision measurement facility is enabling significant increase in manufacturing and assembly volumes, and the ability to manage larger projects
- Modernization of our Protective Coatings facilities
- Core competencies in corrosion protection coatings and measurement systems technologies

Build on core competencies where markets are somewhat less volatile and cash flow from operations is better

Continued Migration Toward Services, Even as Product Sales are Strong



- Three year sales increase of 34%
- Services drive growth in Rail Products and Services and Tubular and Energy Services segments
 - Maintenance of way station on-track services with friction management
 - Integration of telecommunications with passengers, operations, and security
 - Test and inspection services for OCTG

Customer relationships create unique opportunity for new service businesses



THANK YOU

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APPENDIX

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Consolidated Income Statement – YTD

(\$ in millions, except per share)	Nine Months Ended September 30, 2019		Nine Months Ended September 30, 2018		Delta	
	\$	% of Sales	\$	% of Sales	\$	%
Sales	\$ 505.7	—	\$ 462.4	—	\$ 43.2	9.4 %
Gross profit	94.0	18.6 %	86.6	18.7 %	7.4	8.6 %
SG&A	67.0	13.3 %	65.5	14.2 %	1.5	2.4 %
Amortization expense	5.0	1.0 %	5.3	1.2 %	(0.3)	(5.2) %
Interest expense - net	4.0	0.8 %	4.8	1.0 %	(0.8)	(16.2) %
Other income - net	(0.8)	(0.2) %	(0.3)	(0.1) %	(0.5)	157.2 %
Pre-tax income	18.7	3.7 %	11.3	2.4 %	7.4	66.1 %
Net income	\$ 16.3	3.2 %	\$ 10.0	2.2 %	\$ 6.3	63.4 %
Diluted earnings per share	\$ 1.53		\$ 0.95		\$ 0.58	
EBITDA⁽¹⁾	\$ 36.1	7.1 %	\$ 30.1	6.5 %	\$ 6.0	19.9 %

(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 Statement – 2019 by Quarter and YTD

	Three Months Ended March 31, 2019		Three Months Ended June 30, 2019		Three Months Ended September 30, 2019		Nine Months Ended September 30, 2019	
(\$ in millions, except per share)	\$	% of Sales	\$	% of Sales	\$	% of Sales	\$	% of Sales
Sales	\$ 150.5	—	\$ 200.9	—	\$ 154.3	—	\$ 505.7	—
Gross profit	29.2	19.4 %	37.1	18.5 %	27.7	17.9 %	94.0	18.6 %
SG&A	21.9	14.6 %	22.9	11.4 %	22.3	14.4 %	67.0	13.3 %
Amortization expense	1.7	1.1 %	1.7	0.8 %	1.7	1.1 %	5.0	1.0 %
Interest expense - net	1.4	0.9 %	1.6	0.8 %	1.1	0.7 %	4.0	0.8 %
Other income	(0.2)	(0.1) %	(0.3)	(0.1) %	(0.4)	(0.3) %	(0.8)	(0.2) %
Pre-tax income	4.3	2.9 %	11.2	5.6 %	3.1	2.0 %	18.7	3.7 %
Net income	\$ 3.7	2.5 %	\$ 9.6	4.8 %	\$ 3.1	2.0 %	\$ 16.3	3.2 %
Diluted earnings per share	\$ 0.35		\$ 0.90		\$ 0.29		\$ 1.53	
EBITDA⁽¹⁾	\$ 10.2	6.8 %	\$ 17.3	8.6 %	\$ 8.6	5.6 %	\$ 36.1	7.1 %

(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

Balance Sheet

(\$ in millions)	September 30, 2019	December 31, 2018 (audited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 15.4	\$ 10.3
Accounts receivable – net	85.0	86.1
Inventories – net	128.7	124.5
Other current assets	6.4	5.8
Total current assets	235.5	226.7
Property, plant, and equipment – net	82.8	86.9
Operating lease right-of-use assets – net	13.2	—
Other assets:		
Goodwill	18.9	19.3
Other intangibles – net	44.6	49.8
Other assets	1.3	0.5
TOTAL ASSETS	\$ 396.3	\$ 383.2
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 117.7	\$ 123.6
Current maturities of long-term debt	3.0	0.6
Total current liabilities	120.7	124.2
Long-term debt	70.0	74.4
Other long-term liabilities	66.9	62.5
Total stockholders' equity	138.7	122.1
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 396.3	\$ 383.2

Note: Figures may not foot due to rounding

Cash Flows

(\$ in millions)	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Net income and non-cash items	\$ 32.0	\$ 25.9
Receivables	0.9	(10.6)
Inventory	(5.0)	(13.0)
Payables and deferred revenue	(2.1)	21.9
Working capital subtotal	(6.1)	(1.7)
All other	(12.6)	(1.7)
Operating cash flow	13.3	22.4
Capital expenditures	(5.0)	(3.2)
Debt payments – net	(2.0)	(53.5)
All other	(1.2)	6.2
Net increase (decrease) in cash	5.1	(28.1)
Cash balance, end of period	\$ 15.4	\$ 9.6

Note: Figures may not foot due to rounding

New Order Summary

(\$ in millions)	New Orders Entered		Delta	
	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018	\$	%
Rail Products and Services	\$ 241.0	\$ 278.9	\$ (37.9)	(13.6)%
Construction Products	132.8	160.7	(27.9)	(17.4)%
Tubular and Energy Services	114.9	109.9	4.9	4.5%
Total	\$ 488.6	\$ 549.5	\$ (60.9)	(11.1)%

Note: Figures may not foot due to rounding

New Order Summary

(\$ in millions)	New Orders Entered		Delta	
	Trailing Twelve Months Ended	Trailing Twelve Months Ended	\$	%
	September 30, 2019	September 30, 2018		
Rail Products and Services	\$ 314.9	\$ 330.9	\$ (16.0)	(4.8)%
Construction Products	157.9	193.4	(35.6)	(18.4)%
Tubular and Energy Services	154.6	140.6	14.0	9.9%
Total	\$ 627.3	\$ 665.0	\$ (37.6)	(5.7)%

Note: Figures may not foot due to rounding

Backlog Summary

(\$ in millions)	Backlog		
	September 30, 2019	December 31, 2018	September 30, 2018
Rail Products and Services	\$ 88.1	\$ 97.4	\$ 108.8
Construction Products	86.6	95.4	117.7
Tubular and Energy Services	19.4	27.6	25.1
Total	\$ 194.1	\$ 220.4	\$ 251.6

Note: Figures may not foot due to rounding

Non-GAAP Financial Measures: Adjusted EBITDA

(\$ in millions)	Nine Months Ended		Trailing Twelve Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Net income (loss), as reported	\$ 16.3	\$ 10.0	\$ (24.8)	\$ 10.1
Interest expense - net	4.0	4.8	5.4	6.7
Income tax expense	2.4	1.3	5.6	5.0
Depreciation	8.3	8.7	11.1	11.8
Amortization	5.0	5.3	6.8	7.1
EBITDA	\$ 36.1	\$ 30.1	\$ 4.0	\$ 40.7
Concrete Tie Settlement expense	—	—	43.4	—
Adjusted EBITDA	\$ 36.1	\$ 30.1	\$ 47.4	\$ 40.7

Note: Figures may not foot due to rounding

Non-GAAP Financial Measures: Adjusted EBITDA

(\$ in millions)	Year Ended		
	December 31, 2018	December 31, 2017	December 31, 2016
Net (loss) income, as reported	\$ (31.2)	\$ 5.4	\$ (141.7)
Interest expense, net	6.2	8.1	6.3
Income tax expense	4.5	4.7	(5.5)
Depreciation	11.5	12.8	13.9
Amortization	7.1	7.0	9.6
Total EBITDA	\$ (2.0)	\$ 38.0	\$ (117.4)
Concrete Tie Settlement expense	43.4	—	—
Asset impairments	—	—	135.9
Adjusted EBITDA	\$ 41.4	\$ 38.0	\$ 18.5

Non-GAAP Financial Measures: Net Debt

(\$ in millions)	September 30, 2019	December 31, 2018	September 30, 2018	December 31, 2017	December 31, 2016
Total debt	\$ 73.0	\$ 75.0	\$ 76.5	\$ 130.0	\$ 159.6
Less cash and cash equivalents	(15.4)	(10.3)	(9.6)	(37.7)	(30.4)
Net debt	\$ 57.6	\$ 64.7	\$ 66.9	\$ 92.3	\$ 129.2

Note: Figures may not foot due to rounding