

# PRESS RELEASE

L. B. Foster Company

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FOR IMMEDIATE RELEASE

## **L. B. FOSTER COMPANY**

### **REPORTS FIRST QUARTER RESULTS**

PITTSBURGH, PA, April 20, 2004 – L.B. Foster Company (NASDAQ: FSTR), a manufacturer, fabricator, and distributor of rail, construction, and tubular products, today reported a net loss of \$0.1 million (\$0.01 per share) for the first quarter of 2004 versus a net loss of \$0.2 million (\$0.02 per share) in the first quarter of 2003. The prior year first quarter net loss included a net loss from discontinued operations of \$0.2 million, or \$0.02 per share.

Net sales for the first quarter of 2004 were \$65.5 million compared to \$59.5 million in 2003, an increase of 10% while gross margins declined by 2.5 percentage points to 9.1% as compared to the same prior year period. The increase in net sales is principally due to a \$4.0 million increase in the Rail Products segment where our New Rail Distribution business had a very strong quarter and also to a \$2.8 million increase in sales in the Construction Products segment where our Piling business also experienced a significant increase in first quarter sales. The decline in gross profit margin percentage was due to the fact that our sales increases were experienced by our lower margin distribution businesses and that most of our higher margin manufacturing/fabrication business units experienced lower sales volumes. Additionally, the lower volumes at our manufacturing facilities negatively affected plant efficiencies, which further impacted the gross margin percentage decline. Selling and administrative expenses declined \$0.2 million or 3% from the same prior year period primarily due to lower insurance costs realized in the current quarter. Other income improved by \$0.4 million compared to the prior year first quarter primarily as a result of the successful installation and sale of the Company's former Newport, KY pipe coating machinery and equipment which had been classified as "held for resale". First quarter interest expense declined 20% from the prior year due to a \$4.5 million reduction in debt as compared to prior year levels.

Cash flow from operations was negative for the first quarter of 2004 as the Company's working capital increased proportionately with the volume increases experienced in the quarter. Capital expenditures for the three months ended March 31, 2004 were \$1.2 million as compared to \$0.5 million in the same period of 2003.

President and CEO, Stan Hasselbusch, commented, "While we are pleased with the performance of our Rail and Piling distribution units, a drop-off in volume at our manufacturing facilities, notably Fabricated Products and Coated Pipe, negatively impacted profitability in the first quarter. Fabricated Products' sales in the first quarter 2004, when compared to 2003, were down 31%; Coated Pipe's revenues were off 77%."

Hasselbusch continued, "Coated Pipe's drop off was in large part due to start up delays on natural gas projects caused by recent spikes in steel prices. Fabricated Products, meanwhile, continues to be hurt by the lack of a new Federal highway and transit bill. The continued delay in a new highway and transit bill could weaken our Construction segment's outlook over the next three to five months.

"However," Hasselbusch added, "we expect that passage of a highway and transit bill larger than its predecessor TEA-21 is imminent and should result in increased revenues throughout our Rail and Construction segments later this year. Additionally, bookings in the first quarter improved 8% over the first quarter of 2003, despite a continued weak market environment. We feel this increase, coupled with the ongoing implementation of **Lean Enterprise** throughout our organization, should equate to improved operating results through the balance of this year."

The Company wishes to caution readers that various factors could cause the actual results of the Company to differ materially from those indicated by forward-looking statements in news releases, and other communications, including oral statements, such as references to future profitability, made from time to time by representatives of the Company. Specific risks and uncertainties that could affect the Company's profitability include, but are not limited to, general economic conditions, adequate funding for infrastructure projects (including the passage of an adequate highway and transit bill), the potential value or viability of the DM&E, the ability to secure significant sales contracts, the Company's ability to obtain special trackwork products and the availability of existing and new piling products. Matters discussed in such communications are forward-looking statements that involve risks and uncertainties. Sentences containing words such as "anticipates", "expects", "should" or "will", generally should be considered forward-looking statements.