

LSB INDUSTRIES, INC. REPORTS RECORD RESULTS FOR THE 2011 FIRST QUARTER

May 5, 2011 4:02 AM ET

OKLAHOMA CITY, Oklahoma...May 5, 2011... LSB Industries, Inc. (NYSE: LXU) announced today record results for the quarter ended March 31, 2011.

First Quarter 2011 Financial Highlights Compared to First Quarter 2010:

Net sales were \$177.5 million, a 36% increase from \$130.4 million.

Operating income was \$34.0 million compared to \$4.4 million.

Net income was \$20.9 million compared to \$1.7 million.

Net income applicable to common shareholders was \$20.6 million compared to \$1.4 million.

Diluted earnings per common share were \$.90 compared to \$.07.

Discussion of First Quarter of 2011:

The 36% increase in net sales was the result of a \$36.6 million or 49% increase in Chemical Business net sales and a \$10.0 million or 19% increase in Climate Control Business net sales.

Consolidated operating income was \$34.0 million for the first quarter of 2011 compared to \$4.4 million for the same period in 2010, an increase of \$29.6 million. The \$29.6 million increase in consolidated operating income includes:

- a \$27.2 million improvement in Chemical Business' operating income resulting from increased selling prices and sales volume across all major product lines. Of special note, the Pryor, Oklahoma facility ("Pryor Facility") contributed \$11.3 million to operating income in the first quarter of 2011. In the same period one year earlier, due to limited production, the Pryor Facility incurred an operating loss of \$6.0 million, and
- a \$2.9 million increase in Climate Control Business operating income.

First Quarter - Chemical Business:

Chemical Business sales for the first quarter of 2011 were \$111.4 million, up 49% over the first quarter of 2010, due to increased pricing and volume across all product lines. Agricultural sales for the Chemical Business for the period were \$51.1 million compared to \$24.5 million for the same period in 2010. The increase was due primarily to \$19.3 million of Pryor Facility sales compared to \$0.3 million for the first quarter in 2010. The remainder of the increase in agricultural sales was due to increased pricing of UAN and agricultural grade AN sold from our Cherokee, AL and El Dorado, AR facilities, respectively. 2

Comparable quarter net sales of mining and industrial products also increased due to a combination of higher average selling prices resulting from higher raw material costs passed through in the sales price, and a 13% increase in tons shipped of our mining products.

Operating income increased \$27.2 million due in large part to the improvement in the results of the Pryor Facility. During the first quarter of 2011, the Pryor Facility had sustained production of anhydrous ammonia and UAN compared to limited production during the first quarter of 2010. For the first quarter of 2011, the Pryor Facility had net sales to unrelated third parties of \$19.3 million and operating income of \$8.6 million resulting from those sales. In addition, the Chemical Business realized a net benefit of \$2.7 million from the utilization by our other facilities of lower cost ammonia produced at the Pryor Facility. By comparison for the first quarter of 2010, the Pryor Facility had \$0.3 million of sales and an operating loss of \$6.0 million. Operating income increases at our other Chemical facilities reflected rising agricultural UAN and ammonia prices, declining natural gas costs as well as increased sales volumes of industrial and mining products. Also of note, during the first quarter of 2011 and 2010, we incurred expenses of \$0.2 million and \$1.4 million, respectively, relating to planned major maintenance activities.

First Quarter - Climate Control Business:

Net sales for the Climate Control Business were \$63.6 million, a 19% increase from the same period of 2010 due to a 15% increase in geothermal and water heat pump net sales, a 52% increase in net sales of hydronic fan coils and a 6% increase in other Climate Control product net sales. There was a 21% improvement in commercial and institutional product sales and a 10% increase in residential product sales. The Climate Control Business' sales increase was primarily a result of continued higher overall incoming order levels, coupled with higher beginning backlog of orders entering in 2011. The increase in segment sales resulted in a \$2.9 million or 53% increase in 2011 segment operating income.

Bookings of new product orders were \$71.6 million in the first quarter of 2011, compared to \$54.2 million in the first quarter of 2010 and \$61.3 million in the immediately preceding 2010 fourth quarter. For the first quarter of 2011, orders for commercial/institutional products increased 43% while the comparable quarter increase for residential products was minimal. At March 31, 2011, the backlog of confirmed customer product orders was \$58.3 million compared to \$47.6 million at December 31, 2010 and \$36.0 million at March 31, 2010.

CEO's Remarks:

Jack Golsen, LSB's Board Chairman and CEO stated, "As we said following the close of 2010, the outlook for our business is positive and we look forward to improvement in most of our markets in 2011. During the first quarter we got off to a good start with a \$30 million comparable quarter improvement in operating income. Our performance in the first quarter, order rates in our Climate Control Business and positive trends in our Chemical Business should lead to overall improvement in 2011 compared to 2010."

Mr. Golsen noted, "The current outlook for our Chemical Business, according to most market indicators, points to positive supply and demand fundamentals for the types of nitrogen fertilizer we produce and sell. As such we are taking action to increase production at the Pryor Facility as well as evaluate possible ways to increase production at our other chemical facilities. We also expect that demand for our industrial and mining products will continue to be firm for the balance of 2011."

Mr. Golsen continued, "Both the commercial/institutional construction and residential construction sectors are expected to increase modestly during the remainder of 2011, which should continue to have a 3

favorable impact on our Climate Control Business. While Climate Control order levels have increased during the last four quarters, we expect the recovery to pre-recession business conditions to be gradual. Our perspective is longer term, and we continue to invest in sales and marketing efforts to expand the market for our products, especially geothermal heat pumps ("GHPs"). We believe that federal tax credits for GHPs have had a positive impact on sales. We are also on schedule to activate our new dedicated geothermal and modular chiller plant during the third quarter of this year. With the increased plant capacity we have added in the past few years, we believe we are ready for growth in our Climate Control business as it occurs."

Discussing LSB's financial condition, Mr. Golsen noted, "During the first quarter, we continued to strengthen our balance sheet, by substantially reducing long-term debt, increasing shareholders' equity and building our cash position. We also enhanced liquidity and financial flexibility by amending our term loan, enlarging it from \$50 million to \$60 million and extending its maturity from November 2, 2012 to March 29, 2016."

He concluded, "With the tailwind of the economic recovery, LSB is well-positioned financially and operationally to benefit from on-going investments in the areas with long-term strategic growth potential."

Conference Call

LSB's management will host a conference call covering the first quarter results on Thursday, May 5, 2011 at 5:15 pm ET/4:15 pm CDT to discuss these results and recent corporate developments. Participating in the call will be Board Chairman and CEO, Jack E. Golsen; President and COO, Barry H. Golsen; and Executive Vice President and CFO, Tony M. Shelby. Interested parties may participate in the call by dialing 201-689-8261. Please call in ten minutes before the conference is scheduled to begin and ask for the LSB conference call. Additionally, a slide presentation, which will accompany the call, will be posted at www.lsb-okc.com on the Investor Relations section and will also be available after the call.

To listen to a webcast of the call, please go to the Company's website at www.lsb-okc.com at least 15 minutes before the conference call to download and install any necessary audio software. If you are unable to listen live, the conference call webcast will be archived on the Company's website. We suggest listeners use Microsoft Explorer as their web browser.

LSB Industries, Inc.

LSB is a manufacturing, marketing and engineering company. LSB's principal business activities consist of the manufacture and sale of commercial and residential climate control products, such as geothermal and water source heat pumps, hydronic fan coils, large custom air handlers; modular geothermal chillers; the manufacture and sale of chemical products for the industrial, mining and agricultural markets; and the provision of specialized engineering services and other activities.

This press release contains certain forward-looking statements within the meaning of the Private Securities Litigation Act of 1995. These forward-looking statements generally are identifiable by use of the words "believe," "expects," "intends," "anticipates," "plans to," "estimates," "projects" or similar expressions, and such forward-looking statements include, but are not limited to: outlook for our business is positive and we look forward to improvement in most of our markets in 2011; commercial/institutional construction and residential construction sectors are expected to increase modestly; expect the recovery to pre-recession business conditions to be gradual; on schedule to activate our new dedicated geothermal and modular chiller plant during the third quarter of this year; believe we are ready for growth in our Climate 4

Control Business; with respect to our Chemical Business outlook points to positive supply and demand fundamentals for the agricultural products the Chemical Business produces and sells; expect demand for our industrial and mining products will continue to be firm; performance in the first quarter, order rates in our Climate Control Business, and trends in our Chemical Business should lead to overall improvement in 2011; and, LSB is well-positioned to benefit from investments in areas with long-term growth potential. Investors are cautioned that such forward-looking statements are not guarantees of future performance and involve risk and uncertainties, and that actual results may differ materially from the forward-looking statements as a result of various factors, including, but not limited to, general economic conditions, effect of the recession on the commercial and residential construction industry, acceptance by the market of our geothermal heat pump products, acceptance of our technology, changes to federal legislation or adverse regulations, available working capital, ability to finance our investments, and other factors set forth under "A Special Note Regarding Forward-Looking Statements" contained in the Form 10-K for year ended December 31, 2010 and the Form 10-Q for the quarter ended March 31, 2011, for discussions of a variety of factors which could cause the future outcome to differ materially from the forward-looking statements contained in this letter.

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See Accompanying Tables

[For full release including financial tables](#)