



Investor Presentation

November 2017

Safe Harbor Statement

This presentation contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements generally are identifiable by use of the words “may,” “believe,” “expect,” “intend,” “plan to,” “estimate,” “project” or similar expressions, and include but are not limited to: financial performance improvement; view on sales to mining customers; estimates of consolidated depreciation and amortization and future turnaround expenses; our expectation of production consistency and enhanced reliability at our Facilities; our projections of trends in the fertilizer market; improvement of our financial and operational performance; our planned capital additions; reduction of SG&A expenses; volume outlook and our ability to complete plant repairs as anticipated.

Investors are cautioned that such forward-looking statements are not guarantees of future performance and involve risk and uncertainties. Though we believe that expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectation will prove to be correct. Actual results may differ materially from the forward-looking statements as a result of various factors. These and other risk factors are discussed in the Company’s filings with the Securities and Exchange Commission (SEC), including those set forth under “Risk Factors” and “Special Note Regarding Forward-Looking Statements” in our Form 10-K for the year ended December 31, 2016 and, if applicable, our Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K. All forward-looking statements included in this press release are expressly qualified in their entirety by such cautionary statements. We expressly disclaim any obligation to update, amend or clarify any forward-looking statement to reflect events, new information or circumstances occurring after the date of this press release except as required by applicable law.

Please see the EBITDA Reconciliation slide included in this presentation for other important information.

Why LSB? Executing on Strategic Plan to Drive Growth and Enhance Shareholder Value



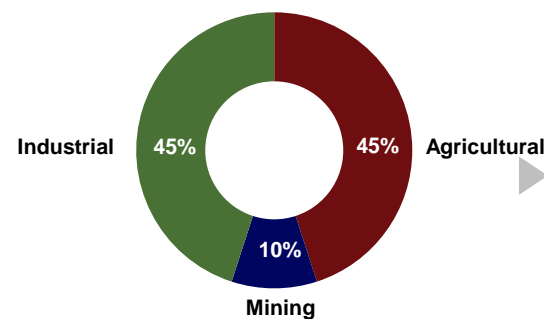
- 1 Operates well-diversified Chemical Business with differentiated market positions
- 2 Over \$1 Billion in capital invested in the last four years including transformative expansion at El Dorado, AR Facility
- 3 Operational improvement plans continue to enhance plant reliability / performance
- 4 Improve margins on sales of products
- 5 Expense reduction plan will continue to yield results
- 6 Significant YoY EBITDA improvement in 2017, proving turnaround is underway
- 7 Improve capital structure and lower overall cost of capital

Business Overview



- 4 production facilities
 - El Dorado, Arkansas
 - Cherokee, Alabama
 - Pryor, Oklahoma
 - Baytown, Texas
- Provides nitrogen based agricultural, mining and industrial chemicals to North American market
- Leading merchant marketer of nitric acid in the U.S.
- Over \$1 billion of investments have been made to reduce costs and increase facility reliability and capacity
- Positioned to benefit from strong agricultural market with favorable margins

Sales Mix

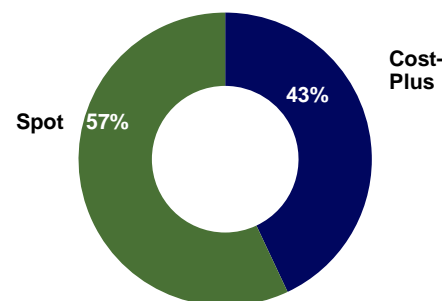


A key strategy is to optimize sales mix: industrial vs. agricultural

LTM 9/30/17 sales: \$413 million

Select customers




Cost-plus agreements versus spot market sales (LTM 9/30/17)



Approximately half our sales are non-seasonal and priced pursuant to cost-plus agreements

Diverse Products With Broad Application



	 Products	 Uses	 Competitors
Agricultural Chemicals 45% of sales	<ul style="list-style-type: none"> Urea ammonium nitrate solutions (UAN) Ammonium nitrate - high density prills (AN) Ammonia 	<ul style="list-style-type: none"> Fertilizer for corn and other crops Primary nitrogen component in NPK fertilizer blends High nitrogen content fertilizer primarily used for corn 	<ul style="list-style-type: none"> CF Industries Holdings Inc., PCS Inc., Koch Industries Inc., Agrium, Inc., CVR Partners LP, imports CF Industries Holdings Inc., imports Various
Industrial Acids, Ammonia & DEF 45% of sales	<ul style="list-style-type: none"> Nitric acid Sulfuric acid Ammonia Diesel exhaust fluid (DEF) 	<ul style="list-style-type: none"> Semi-conductor, nylon, polyurethane intermediates, ammonium nitrate Pulp and paper, alum, water treatment, metals and vanadium processing Power plant emissions abatement, water treatment, refrigerants, metals processing Exhaust stream additive to reduce NOx emissions from diesel vehicles 	<ul style="list-style-type: none"> CF Industries Holdings Inc., PCS Inc. Cytec Industries Inc., Chemtrade Logistics Inc. Various Various
Mining Products 10% of sales	<ul style="list-style-type: none"> Ammonium nitrate – low density prills (AN) and AN solutions Specialty E2 ammonium nitrate 	<ul style="list-style-type: none"> Specialty emulsions for mining applications Surface mining, quarries, construction 	<ul style="list-style-type: none"> CF Industries Holdings Inc., PCS Inc., Dyno Nobel America Inc., Orica Ltd., Austin Powder, Inc. Imports

Percentage of sales based on LTM 9/30/2017

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LSB's Agricultural Distribution

Pryor, OK	UAN Ammonia	CVR, Distributors & Dealers	Southern Plains & Corn Belt
Cherokee, AL	UAN	Transammonia, The Andersons, CHS, Koch, et.al.	Eastern Corn Belt
El Dorado, AR	AN Ammonia	Ag Centers Distributors & Dealers, Koch	Southern Plains, South Central, Midwest & West

- ✓ Multiple distribution channels
- ✓ Diverse geographic coverage
- ✓ Longstanding customer relationships
- ✓ Direct rail linkage to corn belt



Fully Operational Production Facilities in Highly Advantaged Locations



Facility	El Dorado	Cherokee	Pryor	Baytown
Location	Arkansas	Alabama	Oklahoma	Texas
Year Acquired / Built	1983	1999	2000	2000
Ammonia Design	Kellogg	Kellogg	Pritchard	—
Plant Area (Acres)	150	160	47	2
Site Area (Acres)	1,400	1,300	104	Covestro's site
Transportation	Truck, Rail, Pipeline	Truck, Rail, Barge	Truck, Rail	Truck, Pipeline
Production Capability (Tons in Thousands)				
Feedstock	Natural Gas	Natural Gas	Natural Gas	Ammonia
Ammonia Production Capacity (non-turnaround)	450	180	235	—
Products Available for Sale				
Agricultural Products	UAN	210	350	—
	High Density AN ⁽¹⁾	—	—	—
	Ammonia	—	85	—
Industrial and Mining Products	Ammonia	230 ⁽²⁾	45	—
	Nitric Acid	50	40	530
	Sulfuric Acid	162	—	—
	DEF	—	15	—
	Low Density AN ⁽¹⁾	185	—	—
	AN Solutions	—	55	—
	CO ₂	—	110	85
				Total
				865
				560
				300
				85
				275
				620
				162
				15
				185
				55
				195

Notes

1. Actual sales subject to market conditions and total AN production limited by AN solution production capacity

2. Ammonia capacity available for sale dependent on tons sold of other upgraded products

Market Outlook

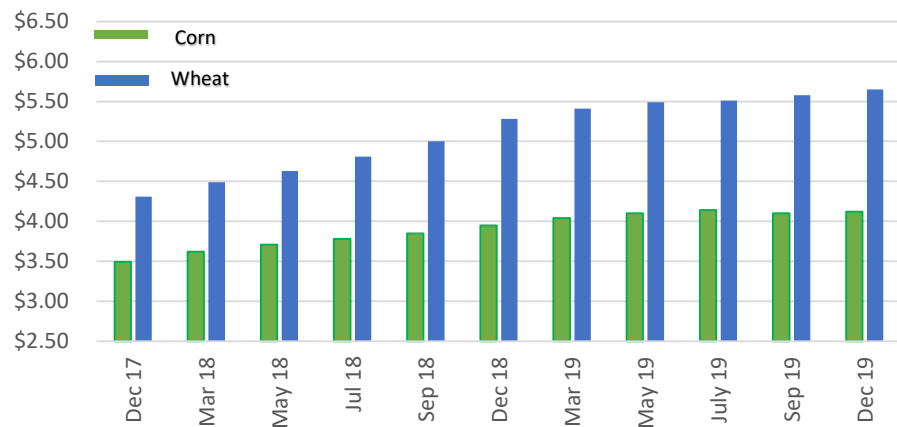
Agricultural

Nitrogen prices showing signs of recovery despite continued pressure on farmers from continued low crop prices

- Global outages and low Chinese Urea operating rates leading to market tightness
- Urea, UAN and Tampa ammonia have gained momentum
- Corn prices average +/- \$3.90/bushel over next 12 months

US Nitrogen capacity expansion added additional supply and is currently rebalancing distribution channels

Forward Crop Prices / Bushel



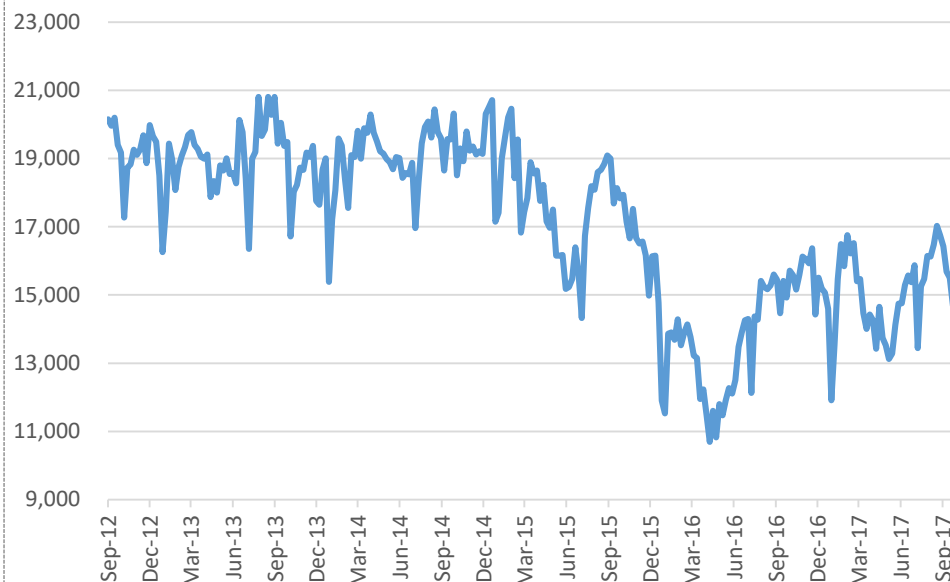
Industrial and Mining

Industrial market – Trending slightly up in 2017. The auto and housing markets continue to look good for the coming year

Mining market – Coal Update:

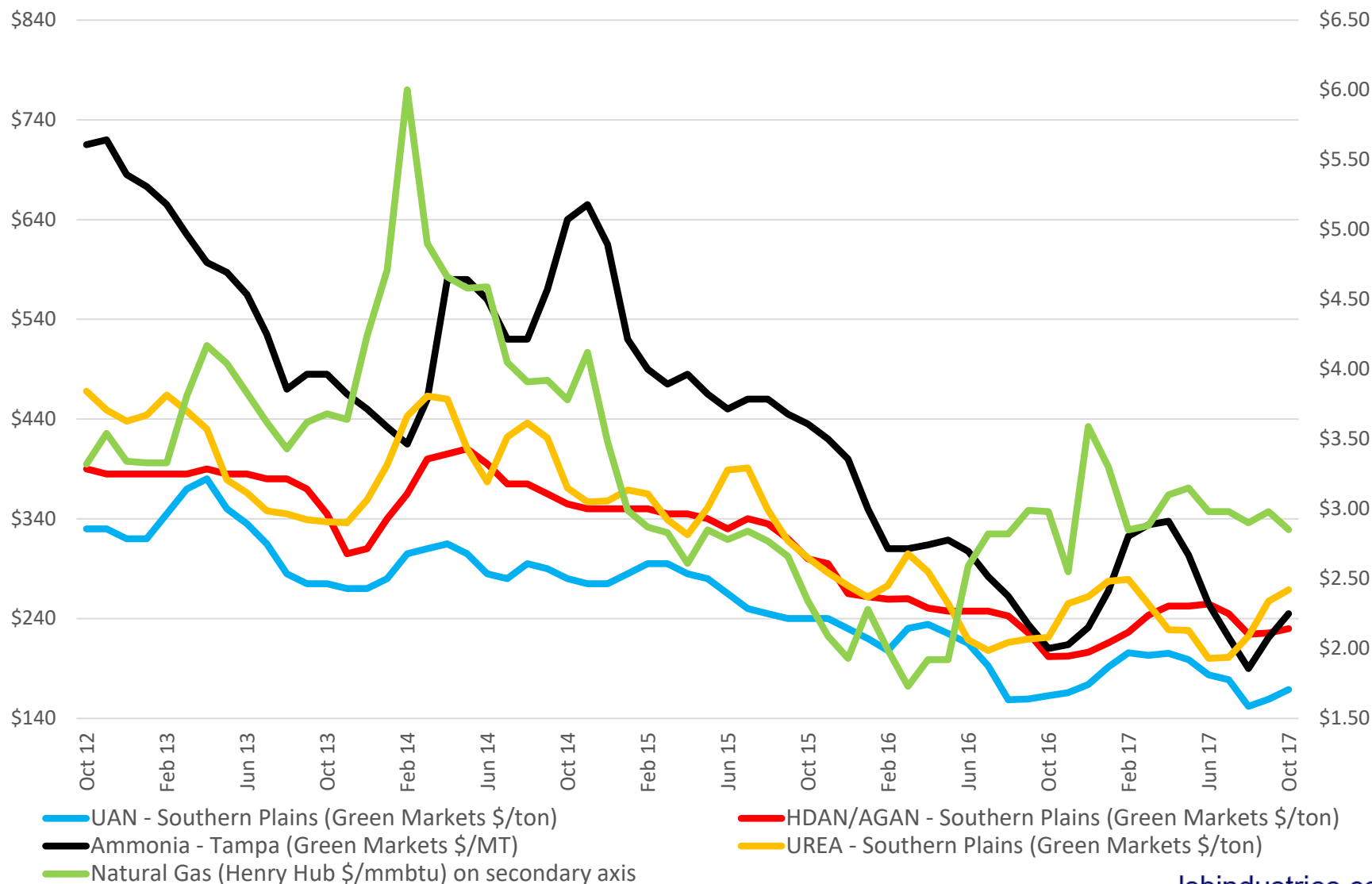
The Energy Information Administration (EIA) expects growth in coal-fired electricity generation to contribute to a ~8% increase in coal production in 2017. Coal production is expected to increase by ~0.4% in 2018

US Coal Production (last 5 years) Million Short Ton

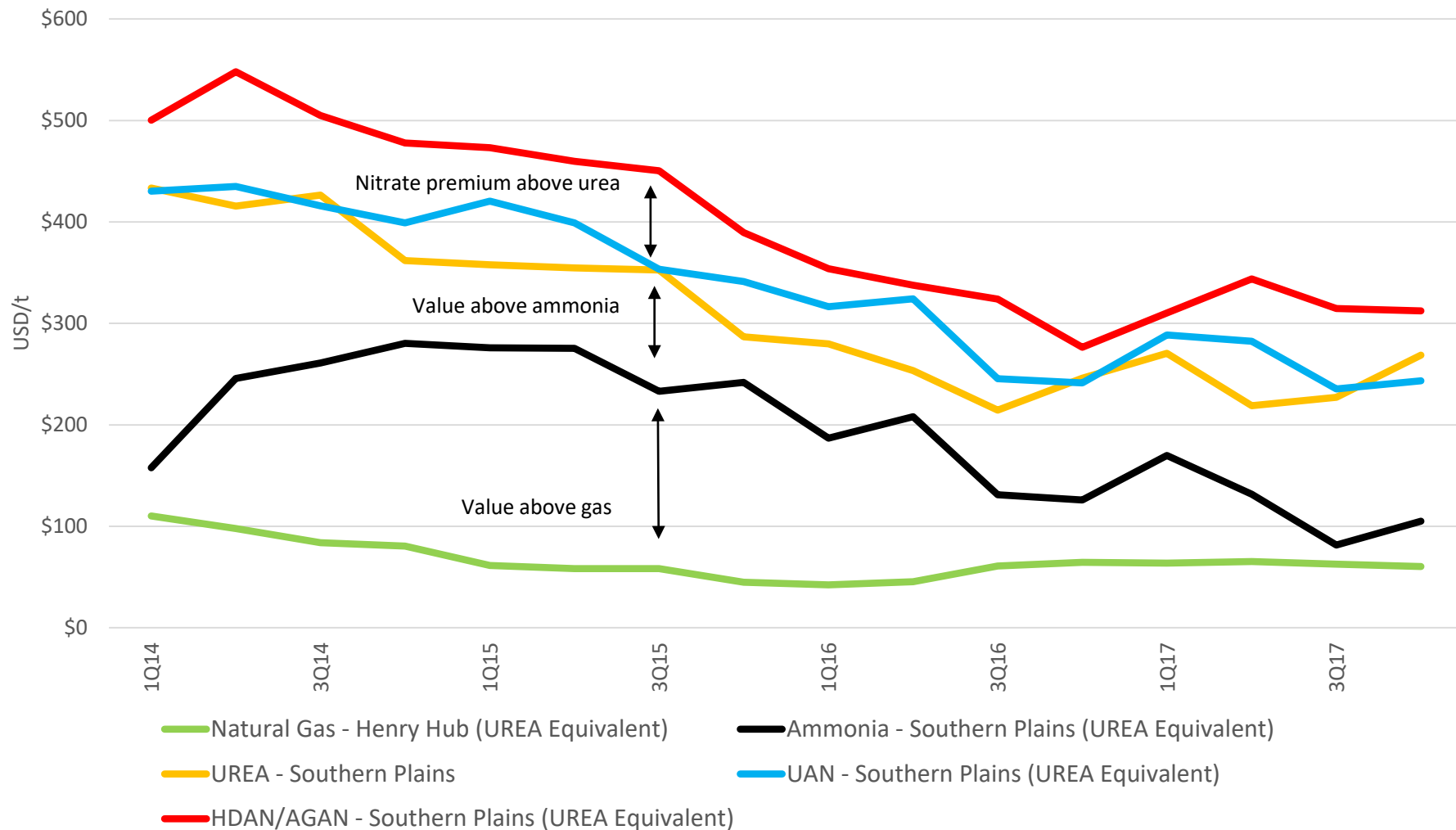


Chemical Commodities

Feedstock & End Products 5-year Price Trend



Nitrogen Upgrading Margins (average monthly publication prices)



Agricultural Chemicals –

Attractive Medium to Long-Term Industry Fundamentals



World situation

- Growing populations
- Developing economies
- Changing dietary habits (from grain to meat)
- Rebalancing global ammonia trade routes
- Strong U.S. Dollar and currency devaluation

North American situation

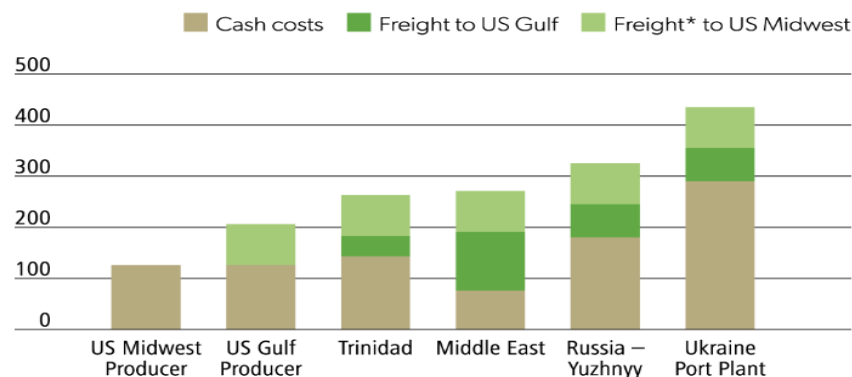
- World grain usage continues to increase annually
- The yield per acre is 171.8 bushels per acre for 2017/2018 an increase of 1.1 bushels per acre from the July report
- U.S. grain stocks are at high levels leading to lower current corn prices
- Current corn exports are at high levels resulting in reduced stock ratios

North America is low cost producer of nitrogen fertilizers

U.S. Midwest delivered ammonia cost estimated \$160/metric ton advantage over imports

- Natural gas is the primary feedstock for ammonia and all nitrogen fertilizers
- Due to large shale gas reserves, U.S. has relatively low natural gas prices vs. most places worldwide
- Low natural gas prices in North America, expected to be in ~ \$3.00/MMBtu range, keep nitrogen production costs low

US MIDWEST DELIVERED AMMONIA COST
(\$ per tonne – 2016E)



* Includes related handling costs
Source: Fertecon, PotashCorp



LSB's Operational Improvement Plan

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Significant Operational Improvements Were Made and Are Continuing



1 Well-Positioned for Growth with Major Expansion Completed

2 Formalized Financial and Operational Goals and Objectives

3 Implemented Operational Upgrades That Enhance Future Reliability and Performance Across Facilities with a Focus on Improved On-stream Rates

4 New El Dorado Ammonia and Nitric Acid Plants Operating Above Nameplate Capacity

5 Implementing Enhanced Maintenance Management System

6 Third Party Review of Pryor Heat and Material Balance and Mechanical and Electrical Reliability

We are Committed to On-going Operational Stability



- We have taken several steps and invested significant additional resources to implement new operational preventative and predictive maintenance

Key Operational Achievements

- Cherokee and Pryor ammonia on-stream rates of 99% and 85%, respectively, in Q3 2017
- EDC ammonia on-stream of 91% in Q3 2017
- EDC ammonia plant operating ~1,350 tons per day vs. nameplate capacity of 1,150 tons per day

New Resources Devoted to Operational Excellence

- John Diesch hired in August 2016 as Executive Vice President of Chemical Manufacturing
- John is exceptionally qualified to oversee our plant operations with 26 years of nitrogen manufacturing experience:
 - President and member of Board of Directors of Rentech Nitrogen (2011 – 2016)
 - Senior Vice President of Operations at Rentech (2008 – 2013)
 - President of RNLLC and Vice President of Operations for Rentech (2006 – 2008)
 - Managing Director of Royster-Clark Nitrogen (1999 – 2006)

Maintenance Management System Upgrades

- Commonality of platform across all plants
- Risk and critical ranking of all equipment and instrumentation
- Mechanical integrity program improvements
- Preventive and predictive maintenance
- Precision maintenance implementation and training
- Focus on root cause of equipment failures
- Operational consulting firm to assist and speed up implementation
- Implementation to be complete by the first half of 2018

Focus on Pryor

BD Energy Ammonia Plant Assessment

- Firm is expert in design of steam methane reformers
- Process Evaluation for the Ammonia plant
- Heat and material balance
- Improve performance, reliability and efficiency
- Study to deliver a full evaluation of the operation and performance of the primary and secondary reformers completed Q1 2018

Black & Veatch Full Plant Assessment

- Risk review of mechanical and electrical reliability issues for entire plant
- Cost estimates for recommended improvements
- Study to be completed Q1 2018

Where is LSB?

The Big Picture

Historically, each facility had their own reliability practices in place. Some practices were good, some not.

Since 2014 we've been standardizing best practices across sites:

- Oil Sample Analysis and general KPI
 - Standardized to the same analytical lab with the same testing
 - Expanded the equipment tested and pulled results into an overview type KPI for each site
- Vibration Analysis and general KPI
 - Standardized to the same contractor
 - Expanded the equipment tested and pulled results into an overview type KPI for each site

How are we Doing?

- The KPIs are a composite of all the equipment sampled
 - Represents a general overview of site equipment
 - Composite doesn't reflect the condition of any single piece of equipment
- Showing positive results for Oil Sample Analysis and Vibration Analysis. This translates to fewer failures and greater uptime

What are we Doing?

- Infrared Thermography – all sites
- Ultrasonics – Airborne and Greasing
- Other programs implemented since 2014:
 - PMI – Positive Materials Identification
 - Maintenance & Reliability Team
 - Mechanical Integrity Software
 - Torqueing Standards
 - Incident Investigation (applicable to breakdowns and all other incidents)
 - Equipment Criticality
- Next programs to be implemented by sites:
 - Lubrication training
 - Precision maintenance training

Special Project – Urea Red Team

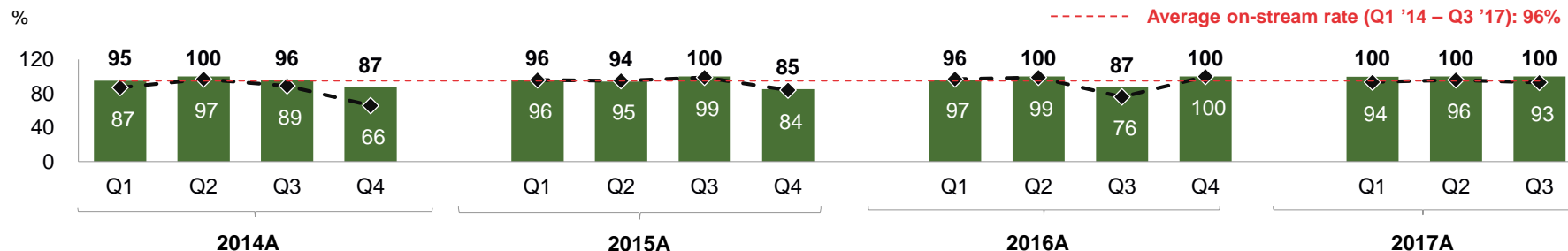
Project to improve uptime at Cherokee and Pryor Urea units

- Team consists of personnel from both facilities and Corporate staff
- Data gathering
 - Download of work order data from Maintenance System
 - Equipment and system documentation from each facility
 - Failure information from each facility

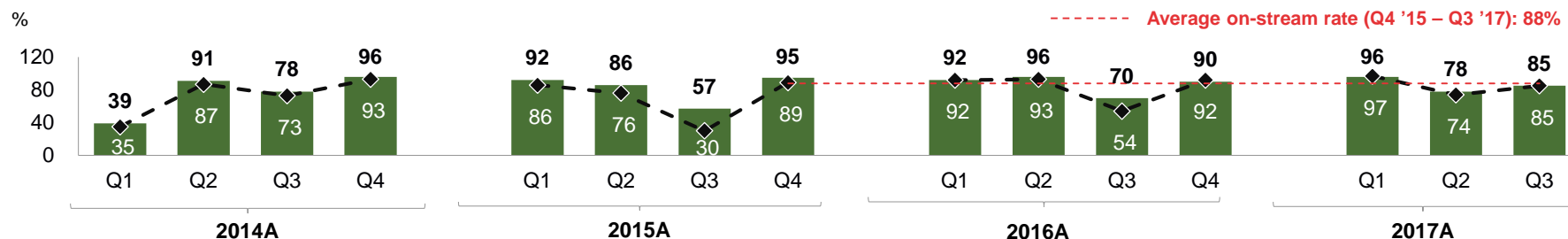
Improvements in Ammonia On-Stream Rates and Capacity Utilization across Facilities...



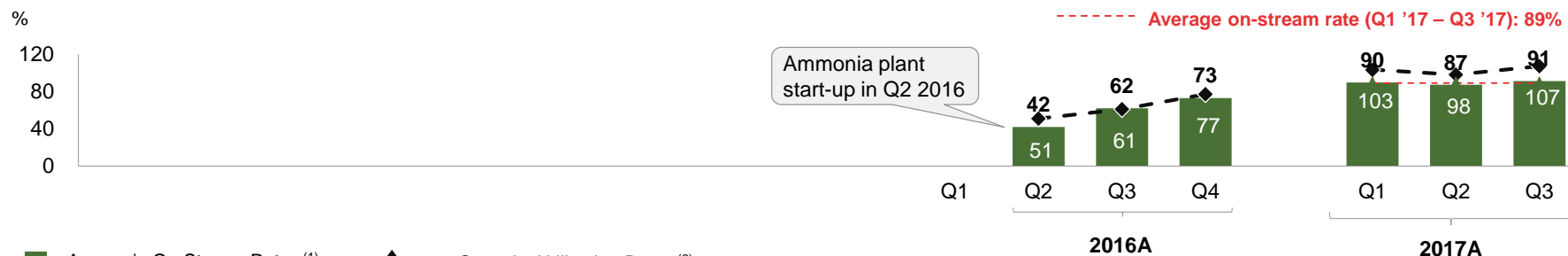
Cherokee



Pryor



EDC



■ Ammonia On-Stream Rates ⁽¹⁾ ◆ Capacity Utilization Rates ⁽²⁾

(1) Ammonia On-Stream Rate is the number of hours operating divided by total hours in the period and excludes Turnarounds

(2) Capacity Utilization Calculation is based upon optimal 515, 675, and 1,150 tons per day production for Cherokee, Pryor and EDC, respectively, and excludes Turnarounds

Operational Review

El Dorado Ammonia

- Operating at full rate; third quarter production averaged 1,320 tpd or 15% above nameplate capacity
- Power interruption
- Auxiliary Boiler / Heat Exchanger Repairs

Going Forward:

- Heat exchanger upgrades and replacements
- Electrical system upgrades UPS / Backup Power
- Optimize cost control and ensure the plant is on-stream 95%+
- Consistently produce at 1,300-1,350 tons / day
- Planning for 2018 turnaround

Pryor

- Ammonia repairs nearly complete; replacement of process gas preheat system; production third week November
- Power interruption and process control issues
- Reformer fire, new equipment installed

Going Forward:

- Engineering risk assessment of Ammonia and Urea plant by Black & Veatch
- New urea reactor to be installed in 4th Quarter 2018
- Engineering for process control automation underway

El Dorado Nitric Acid

- Operating at full rate

Going Forward:

- N2O abatement vessel in construction – completion in 2nd Qtr. 2018
- Modifying expander turbine to improve efficiency, under warranty
- In commercial discussions with contractors related to warranties claims

Cherokee

- On-stream rate above 95%

Going Forward:

- Focus on reliability and maintain high on-stream rates (95%)+
- Planning for 2018 turnaround

Baytown

Current Status: Plant operating at full rate

Additional Volume/Margin Enhancement and Opportunity to Reduce Costs



Key Opportunities	Description
Volume / Margin Enhancement	<ul style="list-style-type: none">▪ Focused effort to expand nitric acid and nitric acid blends volume by selling into Western US and Canada▪ LDAN and AN solution production capacity available when mining/coal markets rebound▪ Maximize the margin on the sale of all products▪ Potential sale of CO2 at El Dorado
Expense Rationalization / Reduction	<ul style="list-style-type: none">▪ Consolidate and centralize freight, including rail, truck and barge▪ Maximize railcar usage and efficiency▪ Consolidate all purchasing of plant supplies and materials▪ Streamline the use of outside contractors in order to improve quality of work and lower rates▪ Review material handling in an effort to improve efficiencies



Financial Overview

LSB Consolidated Financial Highlights

Third Quarter 2017



(\$ In Millions, Except EPS)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2017	2016	Change	2017	2016	Change
Net sales	\$92.4	\$80.3	\$12.1	\$338.6	\$289.2	\$49.4
Gross profit (loss)	(\$7.3)	(\$36.3)	\$29.0	\$15.7	(\$40.4)	\$56.1
% of net sales	-7.9%	-45.2%	37.3%	4.6%	-14.0%	18.6%
Selling, general and administrative expense	\$8.0	\$10.0	(\$2.0)	\$26.7	\$31.7	(\$5.0)
% of net sales	8.7%	12.5%	-3.8%	7.9%	11.0%	-3.1%
Operating loss	(\$15.4)	(\$45.9)	\$30.5	(\$13.3)	(\$72.1)	\$58.8
% of net sales	-16.7%	-57.2%	40.5%	-3.9%	-24.9%	21.0%
Interest expense, net	\$9.3	\$13.3	(\$4.0)	\$28.0	\$21.1	\$6.9
Non-operating other expense (income), net	(\$0.9)	\$2.5	(\$3.4)	(\$0.4)	\$0.5	(\$0.9)
Loss from continuing operations before benefit for income taxes	(\$23.8)	(\$61.7)	\$37.9	(\$40.9)	(\$93.7)	\$52.8
Benefit for income taxes	(\$6.7)	(\$22.3)	\$15.6	(\$10.8)	(\$30.8)	\$20.0
Income from discontinued operations, net of taxes	\$0.0	\$173.0	(\$173.0)	\$0.0	\$196.6	(\$196.6)
Net income (loss)	(\$17.1)	\$133.6	(\$150.7)	(\$30.1)	\$133.7	(\$163.8)
% of net sales	-18.5%	166.4%	-184.9%	-8.9%	46.2%	-55.1%
Diluted EPS ⁽¹⁾	(\$0.91)	(\$2.25)	\$1.34	(1.93)	(4.17)	\$2.24
EBITDA ⁽²⁾	\$2.3	(\$31.0)	\$33.3	\$39.0	(\$29.6)	\$68.6
Adjusted EBITDA ⁽²⁾	\$2.8	(\$26.5)	\$29.3	\$45.8	(\$7.2)	\$53.0

(1) Excludes discontinued operations.

(2) Refer to Appendix for reconciliation of EBITDA and Adjusted EBITDA.

Third Quarter – 2017 vs. 2016

(\$ In Millions)



	Q3		
	2017	2016	Normalized
Total Consolidated Adjusted EBITDA	\$2.8	(\$26.5)	
2016		(\$26.5)	(\$26.5)
Net Sales Price and Natural Gas Impact		(5.8)	-
Natural Gas		(0.4)	-
Net Sales Volume Impact		8.3	8.3
<u>Other Costs</u>			
Lower plant costs / improved absorption		25.2	25.2
Lower SG&A / corporate overhead		2.0	2.0
2017	\$2.8		
Normalized Q3 2017			\$9.0⁽¹⁾

(1) Assumes pricing and natural gas environment consistent with Q3 of 2016.

Capital Structure

\$ In Millions	9/30/17
Cash	<u>\$ 53.1</u>
Senior Secured Notes	375.0
Working Capital Revolver (\$38.6 mm of availability at 9/30/17)	-
Other Debt	40.8
Unamortized Discount and Debt Issuance Costs	<u>(5.4)</u>
Total Long-Term Debt, Including Current Portion, net	<u>\$ 410.4</u>
Series E and F Redeemable Preferred Stock (\$179.0 million liquidation preference including accrued dividends)	<u>\$ 167.1</u>
Total Stockholders' Equity	<u>\$ 445.2</u>

Key Information:

Senior Secured Notes

- \$375 million at 8.5%
- Due August 2019
- Call Premium 101.9 until 8/1/2018 and then at par

Working Capital Revolver

- \$50 million (Prime + 50 bps)
- Expires January 2022
- No borrowings at September 30, 2017

Consolidated EBITDA

Sensitivity Analysis (\$ In Millions)



Significant Earnings Power at Optimal Operating Rates

		Natural Gas Price per mmbtu				
		\$2.50	\$3.00	\$3.50	\$4.00	\$4.50
Tampa Ammonia price per MT	\$450	\$226	\$214	\$202	\$190	\$178
	\$400	\$194	\$182	\$170	\$158	\$146
	\$350	\$162	\$150	\$138	\$126	\$114
	\$300	\$130	\$118	\$106	\$ 94	\$ 82
	\$250	\$ 98	\$ 86	\$ 74	\$ 62	\$ 50
	\$200	\$ 66	\$ 54	\$ 42	\$ 30	\$ 17

Key factors in model above:

- Tampa Ammonia price assumes average over the full year
- Average ammonia plant on-stream rate of 97%, 95% and 95% at El Dorado, Cherokee and Pryor, respectively (excluding all turnaround expense)
- Assumes that a \$50/MT change in ammonia price is equivalent to a \$21 per short ton change in UAN price and a \$23 per short ton change in AN price
- Minimal growth of mining sales
- No incremental cost savings over previously announced savings

Investment Highlights

- 1 Highly advantaged locations with logistical and distribution benefits
- 2 Positioned for long-term success following over \$1 billion in capital investments over the last four years
- 3 Attractive timing in cycle – Agricultural market pricing recovering from trough pricing environment
- 4 EBITDA upside from improved plant on-stream rates, expense reductions and selling price recovery
- 5 Proven operational team and experienced work force



Appendix

EBITDA Reconciliation

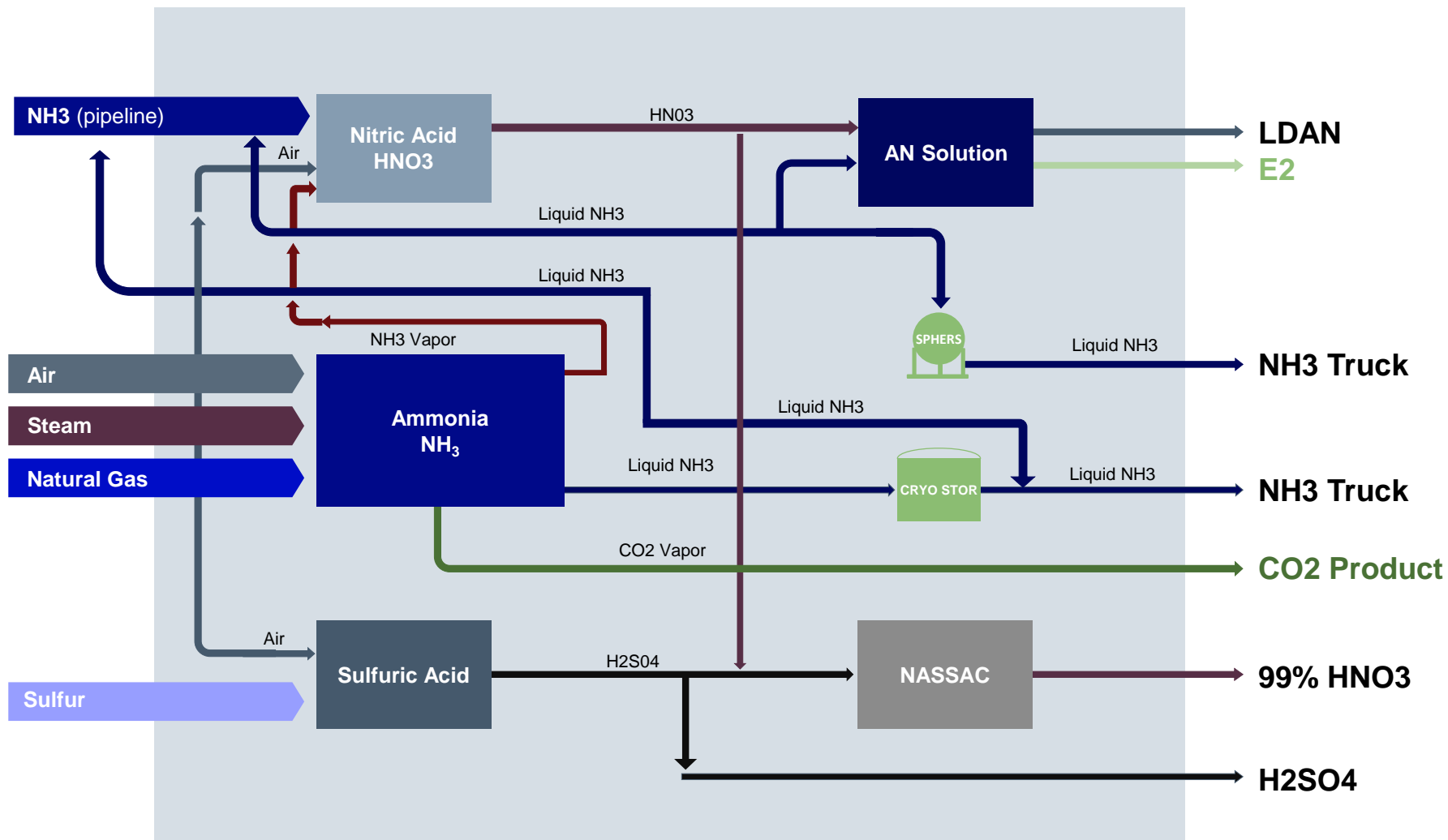


LSB Consolidated (\$ In Millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Net income (loss):	(\$17.1)	\$133.6	(\$30.1)	\$133.7
Plus:				
Interest expense	9.3	13.3	28.0	21.1
Depreciation, depletion and amortization	16.8	17.3	51.9	42.9
Benefit for income taxes	(6.7)	(22.2)	(10.8)	(30.7)
Income from discontinued operations	-	(173.0)	-	(196.6)
EBITDA (1)	\$2.3	(\$31.0)	\$39.0	(\$29.6)
Consulting fee - Negotiated property tax savings at El Dorado	-	-	-	12.1
Stock based compensation	1.2	1.3	4.0	3.2
Start-up/ Commissioning costs at El Dorado	-	-	-	5.1
Severance costs	-	0.7	-	0.8
Derecognition of death benefit accrual	-	-	(1.4)	-
Loss on sale of a business and other property and equipment	-	-	4.3	0.6
Fair market value adjustment on preferred stock embedded derivatives	(0.7)	2.5	(0.1)	1.0
Delaware unclaimed property liability	-	-	-	0.3
Life insurance recovery	-	-	-	(0.7)
Adjusted EBITDA (2)	\$2.8	(\$26.5)	\$45.8	(\$7.2)

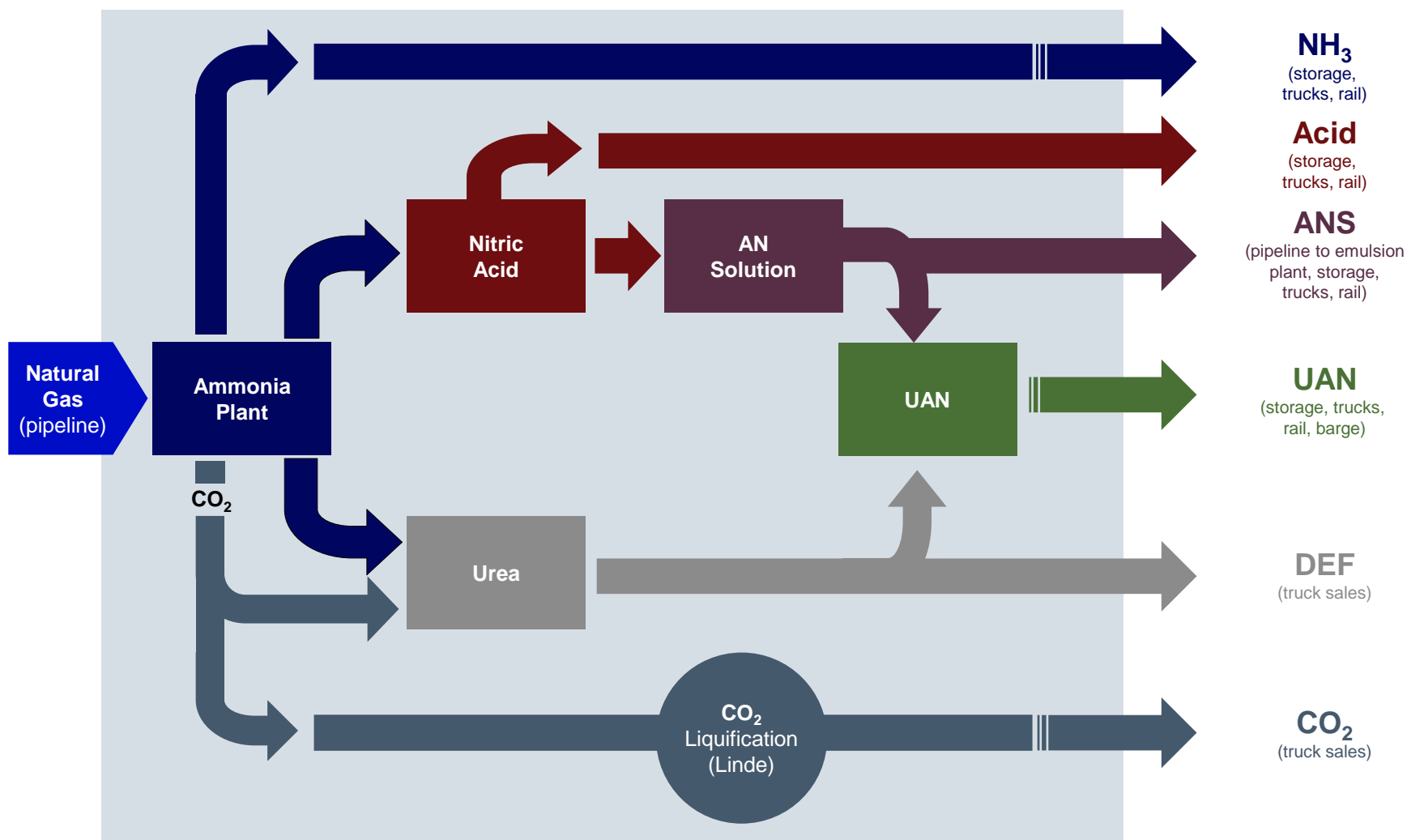
(1) EBITDA is defined as net income (loss) plus interest expense, depreciation, depletion and amortization of property plant and equipment (which includes amortization of other assets and excludes interest included in amortization), less benefit for income taxes and income from discontinued operations, net of taxes. We believe that certain investors consider EBITDA a useful means of measuring our ability to meet our debt service obligations and evaluating our financial performance. EBITDA has limitations and should not be considered in isolation or as a substitute for net income, operating income, cash flow from operations or other consolidated income or cash flow data prepared in accordance with GAAP. Because not all companies use identical calculations, this presentation of EBITDA may not be comparable to a similarly titled measure of other companies. The following table provides a reconciliation of net income (loss) to EBITDA for the periods indicated.

(2) Adjusted EBITDA is reported to show the impact of one time/non-cash items such as, loss on sale of a business and other property and equipment, one-time income or fees, start-up/commissioning costs, certain fair market value adjustments, non-cash stock based compensation and severance costs. We believe that the inclusion of supplementary adjustments to EBITDA is appropriate to provide additional information to investors about certain items. The tables above provide reconciliations of EBITDA excluding the impact of the supplementary adjustments. The Company's policy is to adjust for non-cash or non-recurring items that are greater than \$0.5 million quarterly or cumulatively.

El Dorado Facility Overview



Cherokee Facility Process Flow



Pryor Plant Basic Process Flow

