



Investor Presentation

June 2019

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, 2018 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.

Key Credit Highlights



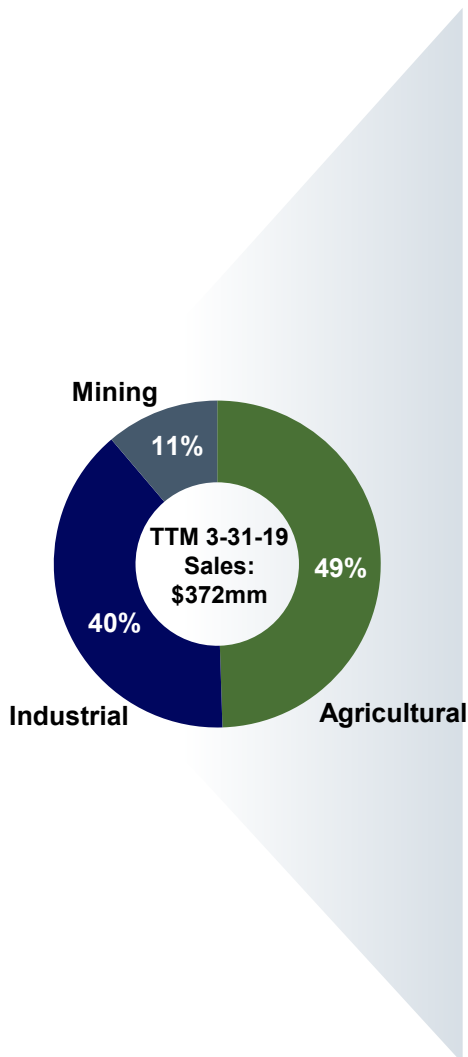
Diversified Nitrogen Chemicals Business with differentiated end market positions


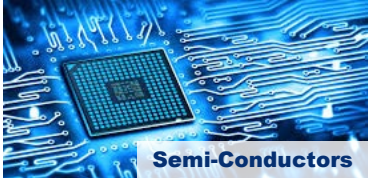



Business strength supported by stable Industrial and Mining Business with attractive margins

Favorable long-term dynamics in Agricultural Business creates significant upside in margins

Operational improvements benefiting from over \$1 billion of investment and enhancement of operating and maintenance programs

Diversified Nitrogen Chemicals Business with Differentiated End Market Positions



	Key Products	End Markets	Application
Agricultural	<ul style="list-style-type: none"> Urea ammonium nitrate solutions (UAN) Ammonium nitrate (AN) – High density prills Ammonia 	<ul style="list-style-type: none"> Fertilizer for corn and other crops Primary nitrogen component in nitrogen, phosphorus and potassium (NPK) fertilizer blends High nitrogen content fertilizer primarily used for corn 	 <p>Fertilizer</p>
Industrial	<ul style="list-style-type: none"> Ammonia Nitric Acid Sulfuric Acid Diesel exhaust fuel (DEF) CO₂ 	<ul style="list-style-type: none"> Power plant emissions abatement, water treatments, refrigerants, metals processing Semi-conductor, nylon polyurethane intermediates, ammonium nitrate Pulp and paper, aluminum, water treatment, metals and vanadium processing Exhaust steam additive to reduce NO_x emissions from diesel vehicles Food refrigeration / freezing, enhanced oil recovery 	 <p>Semi-Conductors</p>  <p>Power Plant Emissions</p>  <p>Water Treatment</p>
Mining	<ul style="list-style-type: none"> Ammonium nitrate – low density prills and AN solutions Specialty E2 ammonium nitrate 	<ul style="list-style-type: none"> Specialty emulsions for mining applications Surface mining, quarries, construction 	 <p>Mining</p>

Differentiated Business Profile Focuses on Customers / End Markets Where LSB Is Advantaged



Key Logistical Advantages

El Dorado



- Truck freight rate advantage on customers west of the Mississippi River
- Direct routes to western U.S. via rail

Cherokee



- Barge/rail/truck freight options
- ~\$8-10/ton freight advantage vs. UAN shipments originating from the Gulf

Pryor



- Close proximity to the Southern and Northern Plains

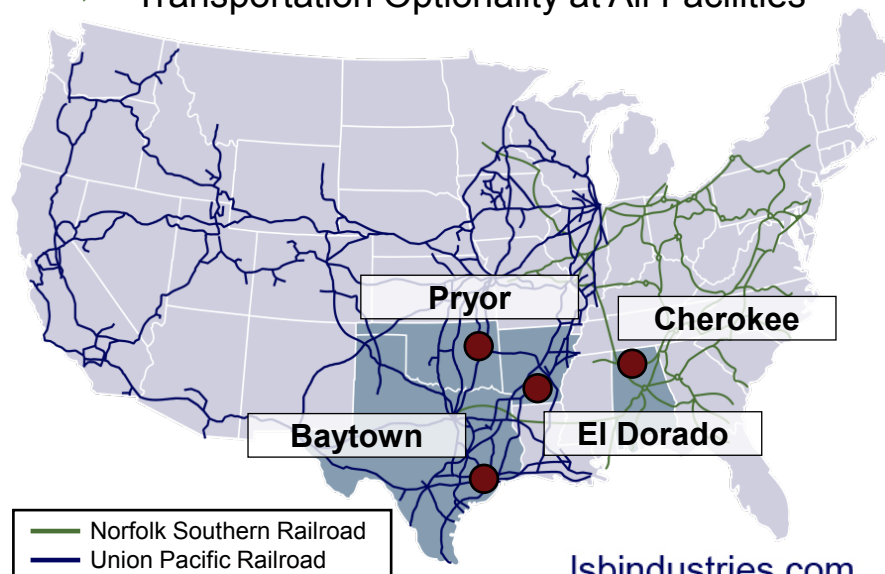
Baytown



- Anhydrous ammonia feedstock is delivered via pipeline

Centrally located assets with access to...

- ✓ Northern Plains
- ✓ Southeast Paper Country
- ✓ Western Mining
- ✓ Customers not Freight Logical to Competitors
- ✓ Low Cost Feedstocks
- ✓ Transportation Optionality at All Facilities

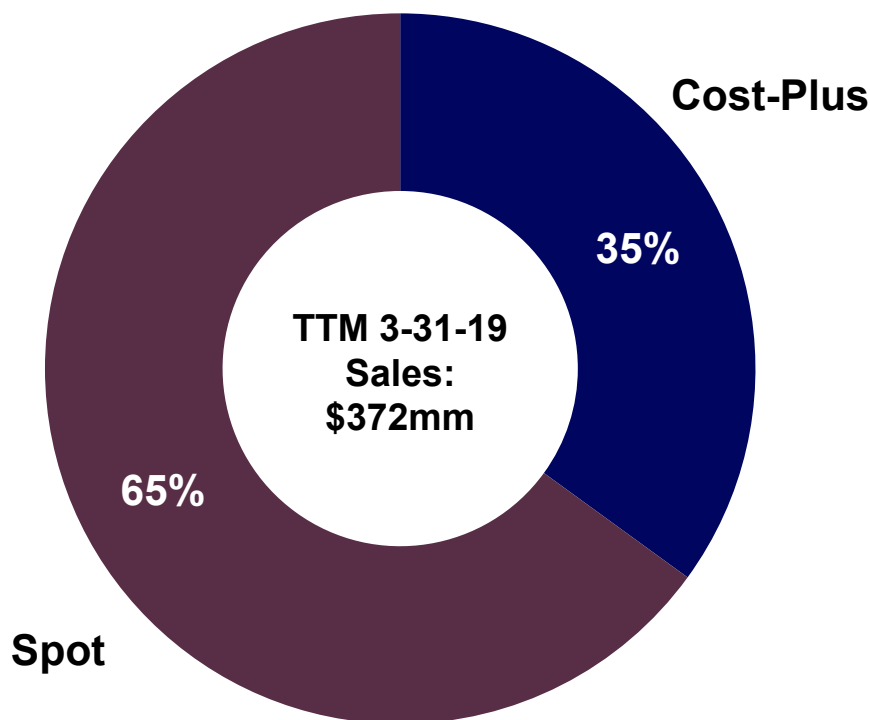


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Sales Mix Provides Stability and Look-Through In Contract Pricing



Q1-2019 TTM Sales by Pricing Method



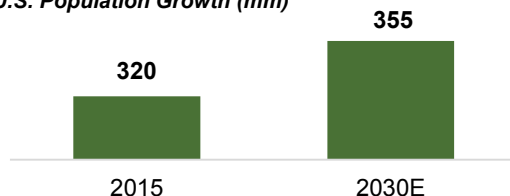
- Approximately 35 percent of sales are currently non-seasonal and priced pursuant to contract agreements
- Contributes to margin stability through pass-through of raw materials and other manufacturing costs
- Positioned to optimize between cash flow stability and upside opportunities in commodity driven markets
- Approximately 50% of cost-plus sales contracts are tied to benchmark Ammonia pricing

Long-Term Structural Macro Drivers Expected to Continue Driving Secular Growth



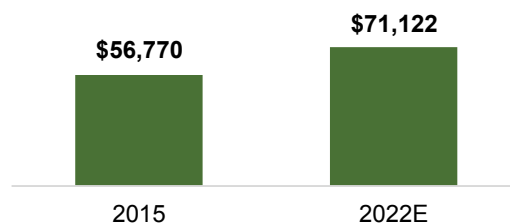
Continued Population Growth

U.S. Population Growth (mm)



Increased Consumption per Capita

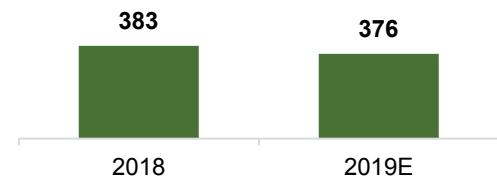
U.S. Income per Capita



Higher incomes drive meat consumption

Stable Ethanol Production

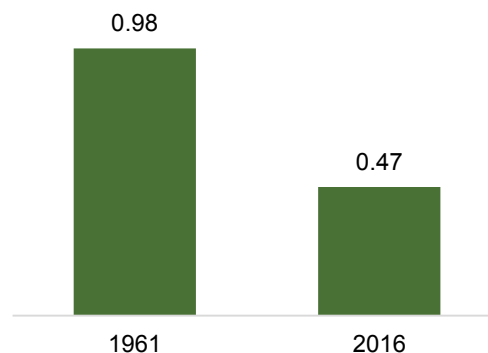
U.S. Ethanol Production in millions of barrels



Ethanol drives corn consumption

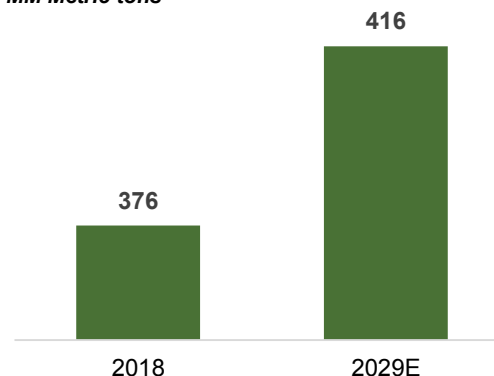
Less Arable Land Per Person

U.S. Arable Land per Person (Hectares)



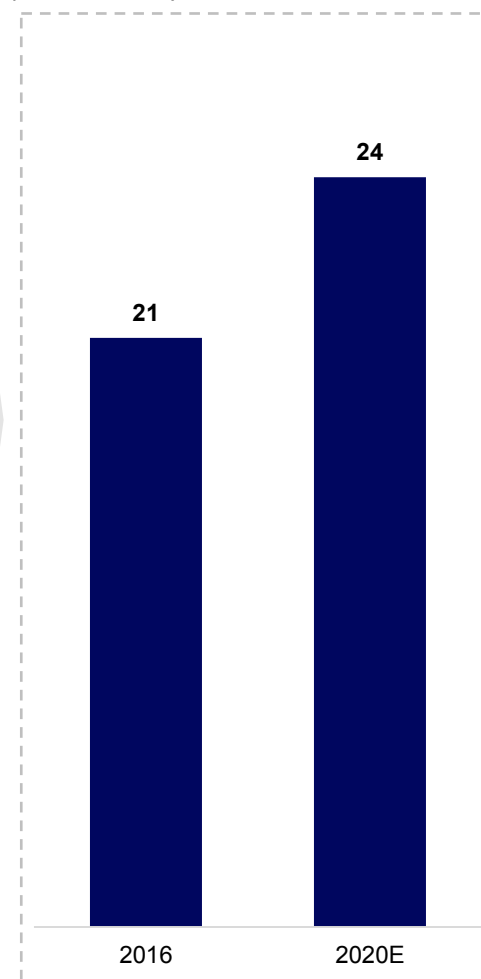
Increasing U.S. Corn Consumption

MM Metric tons



Drives Ammonia Consumption

North American Ammonia Demand (MM Metric tons)



North American Projected Capacity Rationalization Is Supported by Attractive Demand Trends

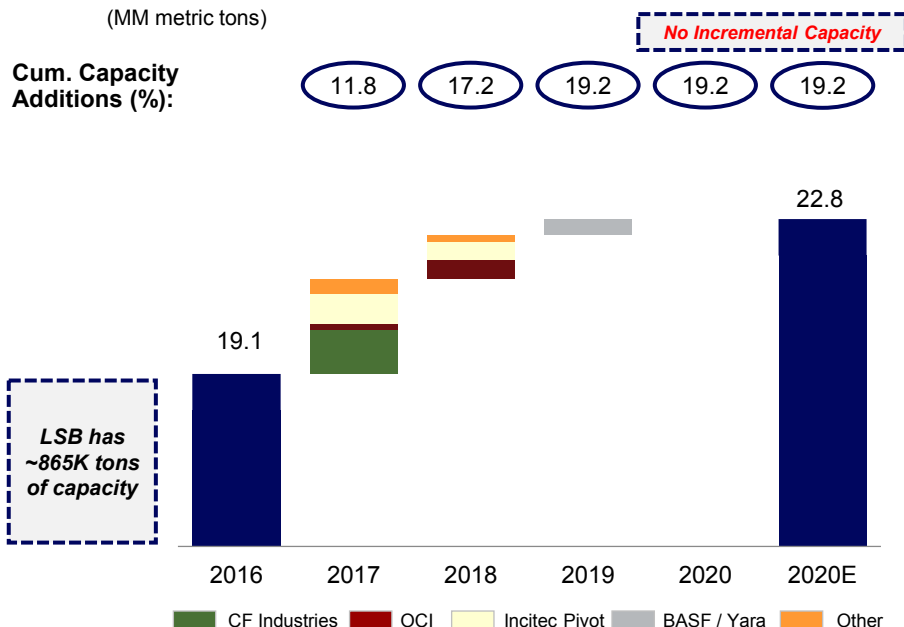


- In the recent past, lower natural gas prices have prompted many North American producers to announce significant capacity additions, which have weighed down ammonia prices
- Planned capacity additions in North America, much of which were cancelled, are mostly behind us
- Growing demand expected to reduce ammonia oversupply and drive higher operating rates
 - **Higher operating rates expected to materially improve as demand grows closer to total production capacity**
- As supply-demand dynamics tighten, ammonia price recovery expected to gain momentum

North American Ammonia Capacity Outlook

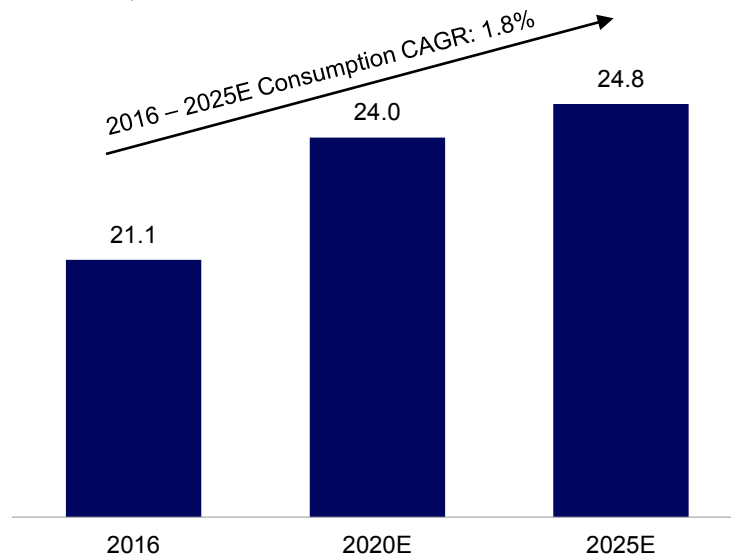
(MM metric tons)

Cum. Capacity Additions (%):



North American Ammonia Demand

(MM metric tons)



LSB Consolidated Financial Highlights



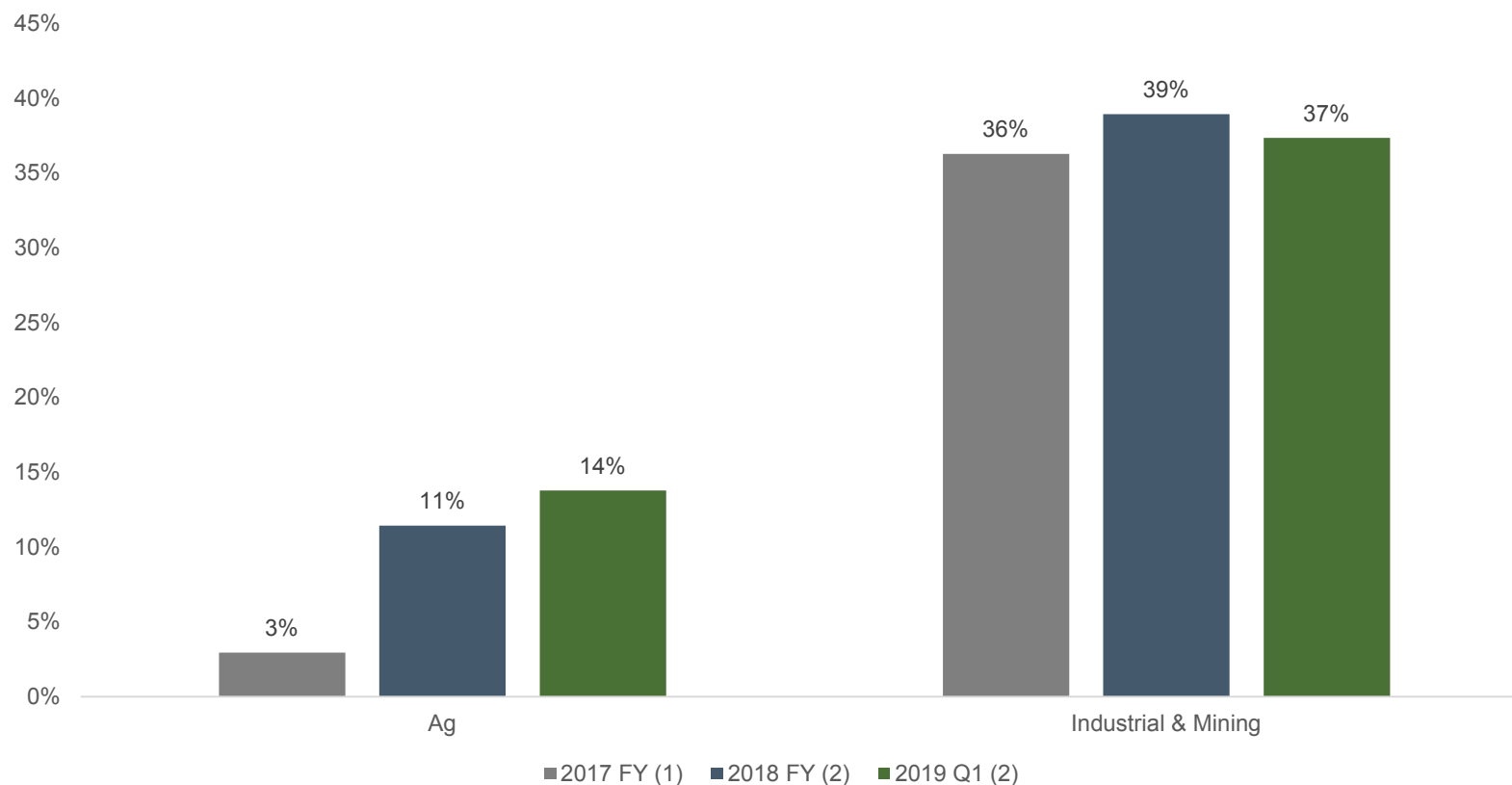
(\$ In Millions, Except EPS)	TTM Q1 2019	Twelve Months Ended December 31,	
		2018	2017
Net sales	\$371.9	\$378.2	\$427.5
Adjusted net sales ⁽¹⁾	\$371.9	\$378.2	\$353.6
Gross profit (loss)	\$13.1	\$15.8	\$5.5
% of adjusted net sales	3.5%	4.2%	1.6%
Selling, general and administrative expense	\$39.7	\$40.8	\$35.0
% of adjusted net sales	10.7%	10.8%	9.9%
Operating income (loss)	\$(24.8)	\$(23.0)	\$(34.1)
% of adjusted net sales	(6.7)%	(6.1)%	(9.6)%
Interest expense, net	44.7	43.1	37.3
Loss on extinguishment of debt	6.0	6.0	0.0
Non-operating other expense (income), net	(0.5)	(1.6)	(0.3)
Loss from continuing operations before income taxes	\$(75.0)	\$(70.5)	\$(71.1)
Provision (benefit) for income taxes	3.1	1.7	(40.8)
Income from discontinued operations, net of taxes	0.0	0.0	1
Net income (loss)	\$(78.2)	\$(72.2)	\$(29.2)
% of adjusted net sales	(21.0)%	(19.1)%	(8.3)%
Diluted EPS ⁽²⁾	\$(2.8)	\$(3.7)	\$(2.2)
EBITDA ⁽³⁾	\$47.0	\$51.2	\$35.4
Adjusted EBITDA ⁽³⁾	\$58.4	\$63.1	\$46.8
Adjusted EBITDA excluding businesses sold in 2017 ⁽³⁾	\$58.4	\$63.1	\$44.3
Adjusted EBITDA excluding Turnaround costs ⁽³⁾	\$67.9	\$72.9	\$45.6

¹ Due to the January 1, 2018 adoption of ASC 606, Revenue from Contracts with Customers ("ASC 606"), certain industrial sales and associated cost of sales are no longer recognized. Since we adopted ASC 606 using the "modified retrospective" method, the prior periods were not restated. If we had applied ASC 606 to these specific arrangements during the fourth quarter and twelve months of 2017, net sales for these products would have been reduced by approximately \$16.6 million and \$65.4 million, respectively. ASC 606 had no net impact on operating income. Additionally, for the twelve month period ending December 31, 2017, net sales includes approximately \$8.6 million of revenue associated with business sold in Q2 and Q4 of 2017.

² Excludes discontinued operations.

³ Refer to Appendix for reconciliation of EBITDA and Adjusted EBITDA.

Industrial & Mining Margins Robust While Ag Margins on Path to Recovery



¹ 2017 presentation reflects EBITDA Margin which excludes turnaround, corporate SG&A, and businesses disposed of during 2017. Refer to the 2017 EBITDA Reconciliation page within this presentation for 2017 reconciliation of end market operating loss to adjusted EBITDA.

² 2018 and forward periods reflect gross profit margin which excludes turnaround, depreciation, and amortization expenses. Refer to the Gross Profit Reconciliation page within this presentation for 2018 and 2019 Q1 reconciliation of adjusted gross profit to reported gross profit.

Significant Capital Investment Intended to Drive Improved Financial Performance



Total 2013-2018 Capex Spend

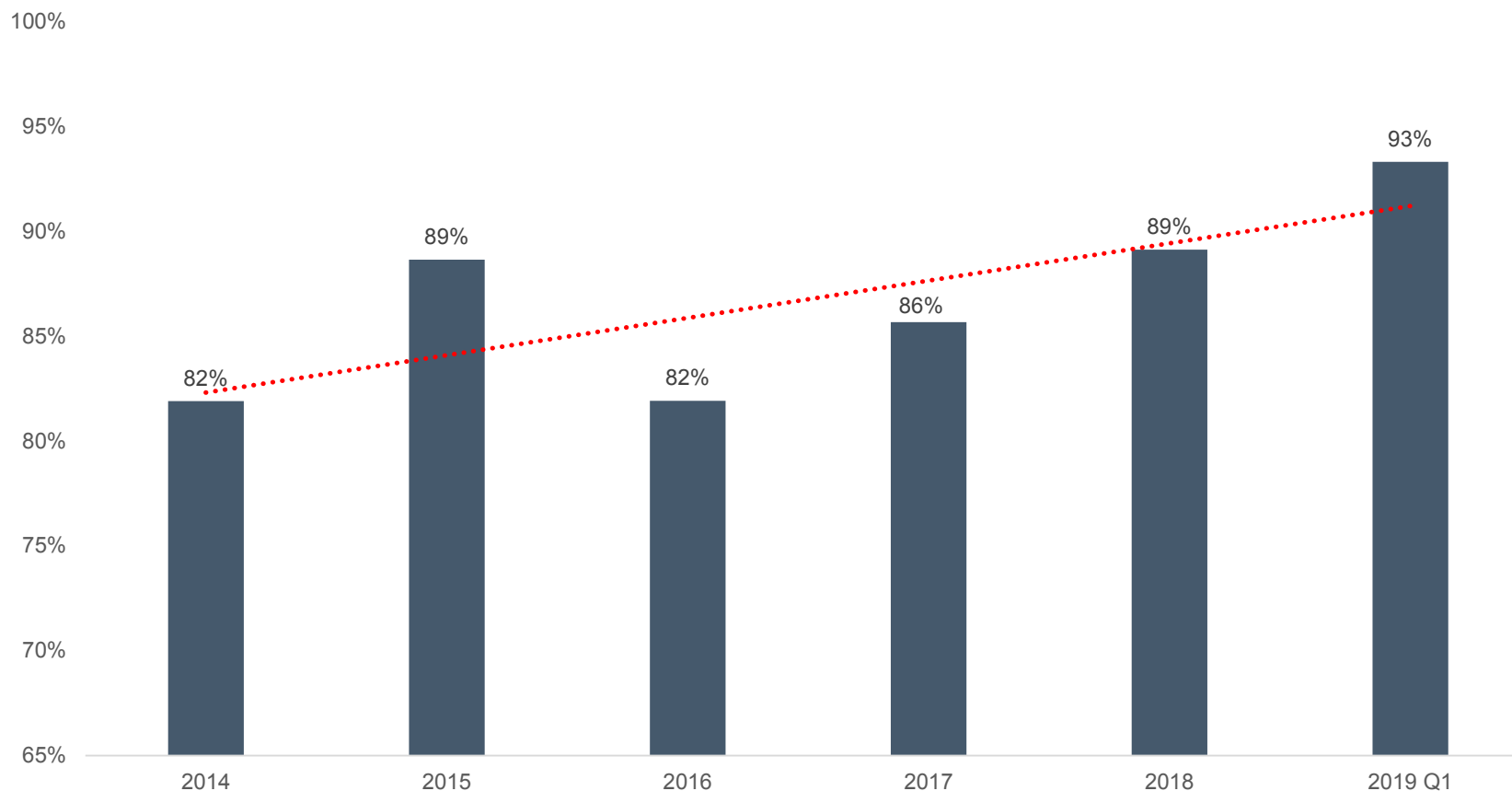
\$MM

Site	2013	2014	2015	2016	2017	2018	Total
El Dorado, AR	\$102	\$204	\$449	\$144	\$15	\$13	\$927
Cherokee, AL	29	21	7	14	6	11	88
Pryor, OK	20	9	11	7	16	11	74
Other	-	-	2	1	-	-	3
Total	\$151	\$234	\$469	\$166	\$37	\$35	\$1,092

- **Completion of over \$1 billion in total capex spend, with expected lasting impact, made over the last 6 years**
 - Successful turnarounds and momentum at plants that have experienced historical unplanned downtime
 - Recent company-wide initiatives resulting in increased accountability at facilities to improve reliability
 - New El Dorado ammonia plant operating above nameplate capacity while implementing efficiency improvements
 - Replacement of urea reactor at Pryor ordered in 2018 and planned install in 2019; expected improved reliability and increased production/capacity
- **No major capital projects are expected in the near term, enabling management to focus on deleveraging and smaller projects focused on operational improvements and margin enhancement**

Note: Capex spend shown on an accrual basis vs. cash basis

Achieving Consistent Ammonia On-Stream Rates



Note: 2016 reflects ramp up of EDC ammonia plant

Consolidated Annual EBITDA

Illustrative Sensitivity Analysis (\$ in Millions)



Potential for Significant Earnings Power at Optimal Operating Rates

		Average Natural Gas Price Per MMBtu For A Year				
		\$2.50	\$3.00	\$3.50	\$4.00	\$4.50
Average Tampa Ammonia Price/MT For A Year	\$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

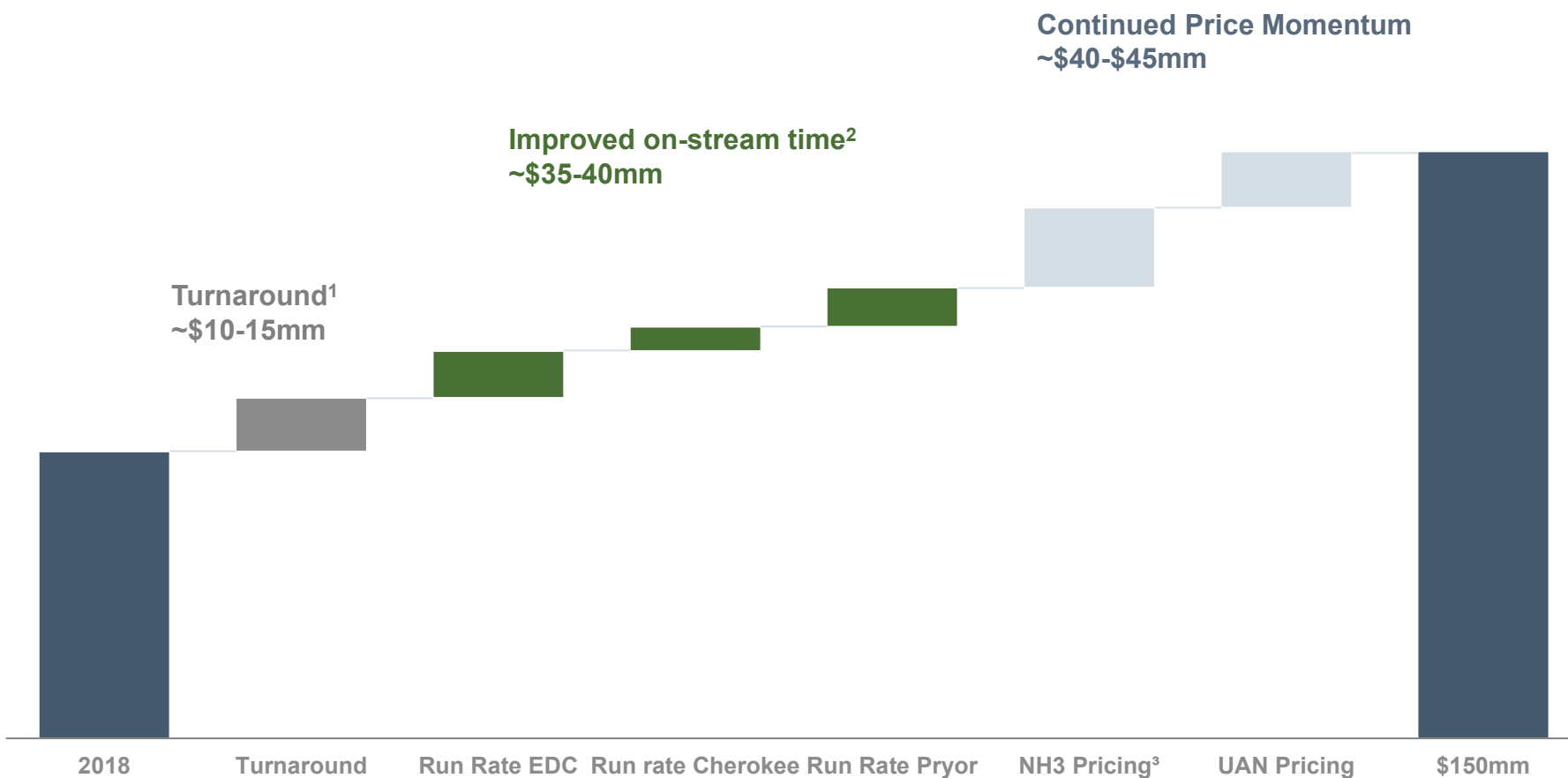
Note: The model above is only intended to illustrate the relationship between variables. It is not an estimate of operating results for any future period.

Key factors in model above:

- Assumes no turnaround at any facility and related impact from lost production/sales and expenses. Note: Company is on a three-year turnaround cycle, which will include turnarounds in the current fiscal year.
- 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 turnaround)
- 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

Actual results may vary based on a number of factors, including many that are beyond the control of the Company. For illustration purpose only

Potential Path to \$150mm Assuming Annual Average \$350/MT Tampa Ammonia and \$3.00/mmBtu Gas



¹ Represents actual turnaround expenses and impact of lost production/sales.

² Assumes ammonia on-stream rates of 97% at El Dorado, 95% at Cherokee, and 95% at Pryor.

³ Represents direct ammonia sales and impact on industrial/mining sales.

Capital Structure



\$ In Millions	3/31/19
Cash	<u>\$ 21.7</u>
Senior Secured Notes	400.0
Working Capital Revolver (\$40.1 mm of availability at 3/31/19)	10.0
Other Debt	29.4
Unamortized Discount and Debt Issuance Costs	<u>(14.2)</u>
Total Long-Term Debt, Including Current Portion, net	<u>\$ 425.2</u>
Series E and F Redeemable Preferred Stock (\$219.3 million aggregate liquidation preference including accrued dividends)	<u>209.9</u>
Total Stockholders' Equity	<u>\$ 322.8</u>
Total Liquidity (Cash plus ABL availability)	<u>\$ 61.8</u>

Key Information:

Senior Secured Notes

- \$400 million at 9.625%
- Due May 2023

Redeemable Preferred Stock

- \$219.3 million at 14%
- Callable at par
- First put date October 2023

Working Capital Revolver

- \$75 million (Prime + 50 bps)
- Expires February 2024

Note: On May 28, 2019, EDC entered into a \$15 million secured financing arrangement with an affiliate of LSB Funding L.L.C. with an interest rate of 8.32%. Beginning in June 2019, principal and interest are payable in 48 equal monthly installments with a final balloon payment of approximately \$3 million due on June 1, 2023. Approximately \$6.9 million of the proceeds from this secured financing arrangement was used to pay off an existing secured promissory note of EDC that matured in June 2019. The capital structure depicted on this slide does not reflect such events

Short Term (next 18 months)

- Continued improvement of safety performance, plant on-stream rates, and training, operating, and maintenance procedures
- Broaden the sales of our AN and Nitric Acid products to utilize unused production capacity
- Improve the margins on sales of our products through more efficient operations, reduction in costs, and improved pricing
- Lower our cost of capital while improving the leverage ratio

Medium / Long Term (Thereafter)

- Create a larger platform through merger/acquisition of other manufacturing facilities
- Focus on opportunities to realize synergies/operational flexibility while gaining scale and diversity across key product groups



Appendix

EBITDA Reconciliation



		Twelve Months Ended December 31,	
LSB Consolidated (\$ In Millions)	TTM Q1 2019	2018	2017
Net income (loss)	\$(78.2)	\$(72.2)	\$(29.2)
Plus:			
Interest expense	44.7	43.1	37.3
Loss on extinguishment of debt	6.0	6.0	0.0
Depreciation, depletion and amortization	71.4	72.6	69.2
Provision (benefit) for income taxes	3.1	1.7	(40.8)
Income from discontinued operations	0.0	0.0	(1.1)
EBITDA ⁽¹⁾	\$47.0	\$51.2	\$35.4
Stock-based compensation	7.6	8.4	5.2
Severance costs	2.6	2.6	0.0
Derecognition of death benefit accrual	0.0	0.0	(1.4)
Loss (gain) on sale of a business and other property and equipment	(1.4)	(1.6)	7.0
Fair market value adjustment on preferred stock embedded derivatives	(0.2)	(1.2)	0.1
Consulting costs associated with reliability and purchasing initiatives	2.8	3.8	0.6
Adjusted EBITDA ⁽²⁾	\$58.4	\$63.1	\$46.8
EBITDA from businesses sold	0.0	0.0	(2.6)
Adjusted EBITDA excluding businesses sold in 2017	\$58.4	\$63.1	\$44.3
Turnaround costs	9.5	9.8	1.3
Adjusted EBITDA excluding Turnaround costs	\$67.9	\$72.9	\$45.6

¹ EBITDA is defined as net income (loss) plus interest expense, plus loss on extinguishment of debt, plus depreciation, depletion and amortization (DD&A) (which includes DD&A of property, plant and equipment and amortization of intangible and other assets), plus provision (or less benefit) for income 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 above 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 or non-operating items-such as, loss (gain) on sale of a business and other property and equipment, one-time income or fees, certain fair market value adjustments, non-cash stock-based compensation, and consulting costs associated with our 2018 and 2019 reliability and purchasing initiatives. We historically have performed Turnaround activities on an annual basis, however we are moving towards extending Turnarounds to a two or three-year cycle. Rather than being capitalized and amortized over the period of benefit, our accounting policy is to recognize the costs as incurred. Given these Turnarounds are essentially investments that provide benefits over multiple years, they are not reflective of our operating performance in a given year. As a result, we believe it is more meaningful for investors to exclude them from our calculation of adjusted EBITDA used to assess our performance. We believe that the inclusion of supplementary adjustments to EBITDA is appropriate to provide additional information to investors about certain items. The above table provides reconciliations of EBITDA excluding the impact of the supplementary adjustments. Our policy is to adjust for non-cash, non-recurring, non-operating items that are greater than \$0.5 million quarterly or cumulatively.

Gross Profit Reconciliation



<u>LSB Consolidated (\$ In Millions)</u>	Twelve Months Ended December 31,	Three Months Ended March 31,
	2018	2019
Net Sales		
Agricultural	\$187.2	\$46.8
Industrial and Mining	191.0	47.4
Total Net Sales	\$378.2	\$94.2
Gross Profit		
Agricultural ¹	21.4	6.5
Industrial and Mining ¹	74.4	17.7
Adjusted Gross Profit by Market ¹	\$95.8	\$24.2
Depreciation and Amortization ²	70.2	16.8
Turnaround Expense	9.8	0.0
Total Gross Profit	\$15.8	\$7.4
Gross Profit Margin		
Agricultural ³	11%	14%
Industrial and Mining ³	39%	37%
Adjusted Gross Profit by Market ³	25%	26%
Total Gross Profit Margin ^{3 4}	4%	8%

¹ Represents a non-GAAP measure since the amount excludes depreciation, amortization, and Turnaround expenses.

² Represents amount classified as cost of sales.

³ As a percentage of the respective net sales.

⁴ In 2018, we modified market reporting to reflect gross profit margin. 2017 is calculated based on EBTIDA margin. Refer to the previous slide for 2017 reconciliation of end market operating loss to adjusted EBITDA.

2017 EBITDA Reconciliation



\$ in Millions	Agricultural	Industrial and Mining	Turnaround	Corporate SG&A and Other	Consolidated (Excl. Summit/Zena)	Summit/Zena	Consolidated (As Reported)
Reported Net Sales	\$ 184.1	\$ 234.8	\$ -	\$ -	\$ 418.9	\$ 8.6	\$ 427.5
Impact of ASC 606 - Industrial	-	(65.4)	-	-	(65.4)	-	(65.4)
Revenue from businesses sold in 2017	-	-	-	-	-	(8.6)	(8.6)
Total Adjusted Net Sales ⁽¹⁾	\$ 184.1	\$ 169.4	\$ -	\$ -	\$ 353.5	\$ -	\$ 353.5
Operating loss	\$ (27.1)	\$ 28.3	\$ (1.3)	\$ (30.8)	\$ (31.0)	\$ (3.1)	\$ (34.1)
Non operating other income	-	-	-	0.3	0.3	-	0.3
Depreciation	32.5	33.2	-	2.6	68.3	0.9	69.1
Reported EBITDA ⁽²⁾	\$ 5.4	\$ 61.5	\$ (1.3)	\$ (28.0)	\$ 37.6	\$ (2.2)	\$ 35.4
EBITDA Adjustments Reported							
Stock-Based Compensation	-	-	-	5.2	5.2	-	5.2
Derecognition of Death Benefit Accrual	-	-	-	(1.4)	(1.4)	-	(1.4)
Loss (gain) on Sale of Other Property and Equipment	-	-	-	2.2	2.2	4.8	7.0
Fair Market Value Adjustment on Preferred Stock Embedded Derivatives	-	-	-	0.1	0.1	-	0.1
Consulting Costs Associated with Reliability and Purchasing Initiatives	-	-	-	0.6	0.6	-	0.6
Turnaround Costs	-	-	1.3	-	1.3	-	1.3
Adjusted EBITDA ⁽³⁾	\$ 5.4	\$ 61.5	\$ -	\$ (21.3)	\$ 45.6	\$ 2.6	\$ 48.1
Adjusted EBITDA margins on adjusted net sales	3 %	36 %					

¹ Since we adopted ASC 606 using the "modified retrospective" method, the prior periods were not restated. As a result, we are presenting Adjusted Net Sales to show the impact of applying ASC 606 to certain arrangements for 2017 consistent with accounting treatment used for the same period in 2018. ASC 606 had no net impact on operating income. Additionally, net sales is adjusted to remove revenue associated with businesses sold in 2017.

² EBITDA is defined as net income (loss) plus interest expense, plus loss on extinguishment of debt, plus depreciation, depletion and amortization (DD&A) (which includes DD&A of property, plant and equipment and amortization of intangible and other assets), plus provision (or less benefit) for income 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 above table provides a reconciliation of net income (loss) to EBITDA for the periods indicated.

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Annual Production Capacity by Products Available for Sale



(Tons in Thousands)

Facility:		El Dorado	Cherokee	Pryor	Baytown	Total
Feedstock		Natural gas	Natural gas	Natural gas	Ammonia	
Ammonia Production Capacity (non-turnaround)		450	180	235	–	865
Products Available for Sale						
Agricultural Products	UAN	–	210	350	–	560
	High Density AN ¹	330	–	–	–	330
	Ammonia	–	–	85	–	85
Industrial & Mining Products	Ammonia	230 ²	45	–	–	275
	Nitric Acid	50	40	–	530	620
	Sulfuric Acid	160	–	–	–	160
	DEF	–	15	–	–	15
	Low Density AN ¹	155	–	–	–	155
	AN Solutions	–	55	–	–	55
	CO ₂	–	110	85	–	195

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.

LSB
INDUSTRIES

