



LSB Industries, Inc. Updates Status of El Dorado Facility Expansion

July 14, 2015

Project Remains on Schedule; Total Construction Cost Estimate Revised Upward

Company Continues to Expect Facility will Generate Approximately \$90 Million of Annual Incremental EBITDA

OKLAHOMA CITY, Okla.--(BUSINESS WIRE)--Jul. 14, 2015-- LSB Industries, Inc. (NYSE:LXU) ("LSB" or "the Company"), a producer of chemical products for the agricultural, mining and industrial markets and a leading manufacturer of commercial and residential climate control products, today provided an update on the status of the expansion project at its El Dorado, Arkansas facility ("EDC expansion"). The new nitric acid plant and concentrator are on schedule to be completed and operational by the end of the third quarter of 2015. The 375,000 ton per year ammonia plant remains on schedule to be completed and operational in the first quarter of 2016. The Company's current cost estimate for the EDC expansion is now in the range of \$560 million to \$575 million, up from the previous estimate of \$495 million to \$520 million. Based on management's current project cost estimates and forecast for operating cash flow, at this time LSB does not expect to require additional financing to complete the EDC expansion other than the previously announced financings related to the installation of the cogeneration facility and the ammonia storage tank.

The Company recently updated its cost estimate to complete the EDC expansion using refined estimates for specific quantities of construction materials and labor-hours based upon information provided by its engineering, procurement and construction contractor. Contributing to the increased cost estimate to complete the EDC expansion were productivity and quality issues with a subcontractor responsible for the installation of piping in the ammonia plant.

"We are pleased to report that the timeline for completion of our El Dorado facility expansion remains intact, although we are disappointed that the total cost of the project is expected to exceed our initial cost estimates," stated Barry Golsen, LSB's President and Chief Executive Officer. "The safety, product quality, and operational reliability of the El Dorado facility are our primary areas of focus as we move forward toward the completion of the project. Even with the anticipated higher costs, we believe that the project economics remain compelling, with the new capacity expected to yield approximately \$90 million of annual incremental EBITDA operating at full capacity."

About LSB Industries, Inc.

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

This press release includes certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements generally are identified by use of the words "believes", "expects", "intends", "anticipates", "plans to", "should", "estimates", "projects", or similar expressions, including, without limitation, the timeline for completion of the El Dorado expansion and the incremental EBITDA expected to be yielded by the new capacity. Actual results may differ materially from the forward-looking statements as a result of various future events, including without limitation, weather conditions, ability to obtain raw materials and equipment in a timely manner necessary to complete the EDC expansion; occurrence of force majeure events which could delay completion of the EDC expansion; general economic conditions; acceptance of our technology; increased competitive pressures; price increases for raw materials; labor conditions; loss of significant customers or customers' failure to abide by conditional terms; problems with production equipment; legislative or regulatory changes which could negatively affect production at the EDC expansion; and the various factors described in the "Special Note Regarding Forward-Looking Statements," and the "Risk Factors" contained in our most recent 10-K for the year ended December 31, 2014, and Form 10-Q for quarter ended March 31, 2015. These forward looking statements speak only as of the date of this press release, and LSB expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect any change in LSB's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

The term EBITDA, as used in this press release, is net income plus interest expense, depreciation, amortization, income taxes, and certain non-cash charges, unless otherwise described. EBITDA is not a measurement of financial performance under GAAP and should not be considered as an alternative to GAAP measurement. The Company believes 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 cash flow data.



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