



## LSB Industries, Inc. Provides Operational Update on Its Chemical Manufacturing Facilities

October 5, 2016

### Revises Product Sales Volume Outlook for 2016

OKLAHOMA CITY--(BUSINESS WIRE)--Oct. 5, 2016-- LSB Industries, Inc. (NYSE:LXU) ("LSB" or the "Company") today announced that Turnaround activities and various operational issues resulted in unplanned downtime at its three primary chemical facilities during the third quarter of 2016. The Company expects the combined impact to third quarter EBITDA as a result of reduced production, lost fixed cost absorption and repair expenses related to unplanned maintenance to be in the range of \$25.0 million - \$26.5 million.

"Our third quarter 2016 results will reflect the impact of planned and unplanned maintenance activities at our three primary chemical facilities," stated Dan Greenwell, LSB's President and CEO. "While the reduced production associated with the various unplanned outages during the quarter will collectively serve to bring our results in below our expectations for the period, importantly, our main focus has been on proactively identifying and completing the repairs and upgrades necessary to position LSB to deliver significantly improved financial performance in 2017. We are confident that the recent work that we have done at Cherokee, Pryor and El Dorado, and over the past year, will yield improving on-stream rates, translating into greater revenue and EBITDA in the coming quarters."

### Facility Level Detail

As previously disclosed, LSB's Cherokee, Alabama facility ("Cherokee Facility" or "Cherokee") began its scheduled bi-annual Turnaround on July 23, 2016, which was completed on August 19, 2016. During start-up, a head gasket failure on one of the ammonia plant's three synthesis gas compressors required the compressor to be taken out of service, which reduced the facility's ammonia production to approximately 340 tons per day, as compared to its nameplate capacity of approximately 510 tons per day. Repairs required selected major parts replacement, extending the outage of that compressor. Cherokee resumed ammonia production at its nameplate capacity of 510 tons per day on September 22, 2016. The Company estimates that the impact to third quarter 2016 EBITDA as a result of Cherokee's reduced ammonia production, related lost fixed cost absorption and additional repair expense will be between \$4.0 million - \$4.5 million.

LSB's Pryor, Oklahoma chemical facility ("Pryor Facility" or "Pryor") also had a Turnaround scheduled during the third quarter, as previously disclosed. The scheduled maintenance activity began on August 26, 2016, approximately two weeks earlier than initially planned. While in Turnaround, management made the decision to perform additional work to both the ammonia and urea plants in order to increase their reliability going forward. Pryor's ammonia and nitric acid plants are expected to resume production on October 10, 2016 and its urea plant is expected to resume production on October 15, 2016. The Company estimates that the impact to third quarter 2016 EBITDA as a result of Pryor's reduced ammonia and UAN production, related lost fixed cost absorption and additional repair expense will be between \$7.0 million - \$7.5 million.

After returning to service on July 31, 2016 following two weeks of unplanned downtime related to a lightning strike that was previously announced, the ammonia plant at LSB's El Dorado facility was taken down for a total of 18 days over the course of the third quarter to address heat exchanger tube leaks and to make modifications to the process vent system design to improve safety and reliability. El Dorado's ammonia plant has been in continuous operation since September 22, 2016. The Company estimates that the impact to third quarter 2016 EBITDA as a result of El Dorado's reduced production, related lost fixed cost absorption and additional repair expense will be between \$14.0 million - \$14.5 million.

### Outlook for Fourth Quarter and Full Year 2016

Despite the unplanned downtime, LSB was able to satisfy customer commitments during the third quarter by utilizing product from inventory. This inventory would have otherwise been sold during the fourth quarter of 2016. Management believes the impact to fourth quarter 2016 EBITDA resulting from lower sales from lower beginning inventory, reduced production, related lost fixed cost absorption and repair expense will be in the range of \$5.0 million - \$5.5 million.

The Company has revised its previously disclosed outlook for full year 2016 Chemical Business sales volume as follows:

Products	Revised Outlook - Sales (tons)	Previous Outlook - Sales (tons)
<b>Agriculture:</b>		
UAN	395,000 – 400,000	435,000 – 445,000
HDAN	210,000 – 220,000	210,000 – 220,000
Ammonia	100,000 – 110,000	110,000 – 120,000
<b>Industrial, Mining and Other:</b>		
Nitric acid	525,000 – 535,000	525,000 – 540,000
LDAN/HDAN	70,000 – 75,000	75,000 – 85,000
Ammonium nitrate solution	68,000 – 73,000	68,000 – 73,000
Ammonia	120,000 – 130,000	135,000 – 145,000

**About LSB Industries, Inc.**

LSB Industries, Inc., headquartered in Oklahoma City, Oklahoma, manufactures and sells chemical products for the agricultural, mining, and industrial markets. The Company owns and operates facilities in Cherokee, Alabama, El Dorado, Arkansas and Pryor, Oklahoma, and operates a facility for a global chemical company in Baytown, Texas. LSB's products are sold through distributors and directly to end customers throughout the United States. Additional information about the Company can be found on its website at [www.lsbindustries.com](http://www.lsbindustries.com).

#### **Forward Looking Statement**

*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 "will", "believes", "expects", "estimates", "intends", "anticipates", "plans to", "should", "estimates", "projects", or similar expressions, including, without limitation, our sales outlook; impact of reduced production, lost fixed cost absorption and repair expenses to third quarter 2016 EBITDA; impact of lower sales from lower beginning inventory, reduced production, related lost fixed cost absorption and repair expenses to fourth quarter 2016 EBITDA; identification and completion of repairs and upgrades to deliver significantly improved financial performance in 2017; and improvement of on-stream rates, translating into greater revenue and profit in the coming quarters.*

*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, including, but not limited to: general economic conditions; weather conditions; increased maintenance costs; ability to install necessary equipment and renovations at our Facilities in a timely manner; changes to federal legislation or adverse regulations; increased competitive pressures, domestic and foreign; ability to complete transactions to address our leveraged balance sheet and cash flow requirements; loss of significant customers; increased costs of raw materials; and other factors set forth under "Risk Factors" and "Special Note Regarding Forward-Looking Statements" in our Form 10-K for the year ended December 31, 2015 and, if applicable, our Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K, which contain a discussion of a variety of factors which could cause future outcomes to differ materially from the forward-looking statements contained in this release. 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.*

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