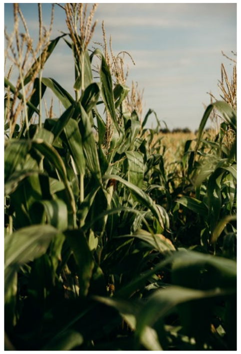
Q4 2020 Earnings Presentation

February 25, 2021


LSB INDUSTRIES

Forward-Looking Statements

- Statements in this presentation that are not historical are forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements, which are subject to known and unknown risks, uncertainties and assumptions about us, may include projections of our future financial performance including the effects of the COVID-19 pandemic and anticipated performance based on our growth and other strategies and anticipated trends in our business. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or actual achievements to differ materially from the results, level of activity, performance or anticipated achievements expressed or implied by the forward-looking statements. Significant risks and uncertainties may relate to, but are not limited to, business and market disruptions related to the COVID-19 pandemic, market conditions and price volatility for our products and feedstocks, as well as global and regional economic downturns, including as a result of the COVID-19 pandemic, that adversely affect the demand for our end-use products; disruptions in production at our manufacturing facilities; and other financial, economic, competitive, environmental, political, legal and regulatory factors. These and other risk factors are discussed in the Company's filings with the Securities and Exchange Commission (SEC).
- Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for our management to predict all risks and uncertainties, nor can management assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. Neither we nor any other person assumes responsibility for the accuracy or completeness of any of these forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. Unless otherwise required by applicable laws, we undertake no obligation to update or revise any forward-looking statements, whether because of new information or future developments.

Health and Safety Is Our Top Priority – Goal Zero

- We achieved significant positive results with our enhanced focus on operational safety in 2020
  - ~58% decrease in recordable safety incidents 2020 versus 2019
  - Full year 2020 total recordable injury rate of 1.06

- Baytown facility has operated over 4 years and Pryor facility has operated over 1 year without a recordable safety incident as of year-end 2020

- Intensified COVID-19 safety protocols at all our facilities including:
  - Mandatory masks and social distancing as well as doubling down on our cleaning and safety measures, extra disinfecting and cleaning and plant personnel health monitoring
  - Contact tracing and quarantine protocols for any exposed or positive cases
  - Special protocols for outside contractors, truck and delivery drivers

Q4 2020 Overview
Executing on Our Strategy Despite Headwinds

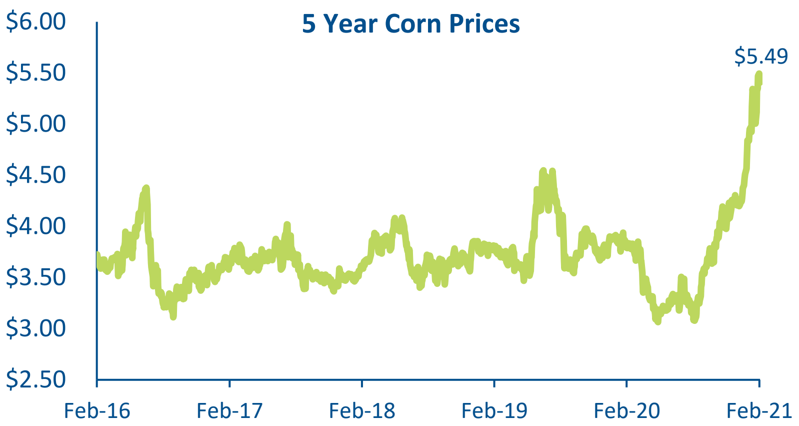
- Increase in sales volumes quarter over quarter despite impact from COVID-19
  - 64% increase in agricultural sales volumes including a 105% increase in UAN sales volumes
  - 18% increase in industrial and mining sales volumes

- Lower selling prices year over year
  - UAN traded at a significant discount to urea on a nitrogen equivalent basis
  - HDAN, UAN, and agricultural ammonia pricing lower by 21%, 18%, and 17%, respectively
  - COVID-19 impacted North American demand of industrial and mining products, including ammonia

- Remain confident in financial position – total liquidity of ~ $58 million as of 12/31/2020
  - Active cost and working capital management and capital spending discipline

Agricultural Market Overview

- Significant increase in commodity prices since Fall 2020
  - 2020 farmer income 2nd highest ever
  - Significant increase in Chinese imports of all agricultural commodities
  - La Nina drought conditions in South America impacting yields
- Expected 92-94 million acres of corn planted in U.S. in 2021
- Corn trading near $5.50/bushel, a 79% increase from 2020 lows
- Price rally for most fertilizer products from summer lows
  - European anti-dumping duties still a challenge for UAN



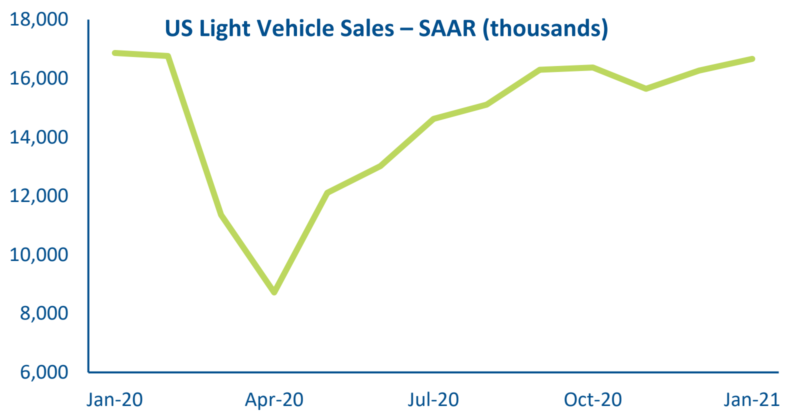
Industrial and Mining Market Overview

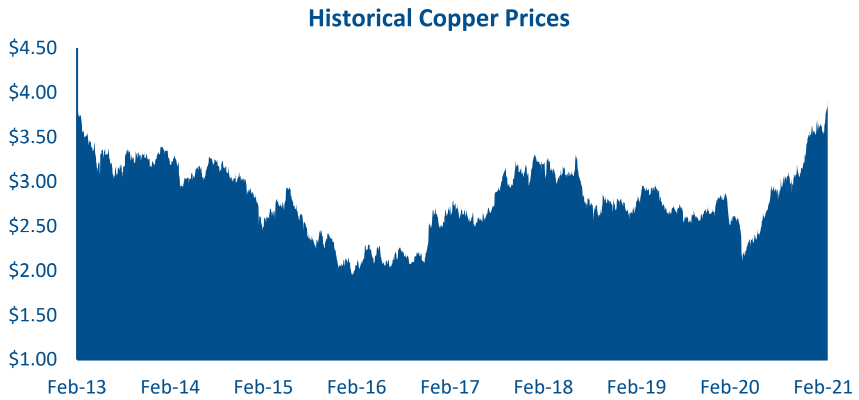
Industrial

- Automotive industry halted production mid-March but has since resumed production. Seasonally adjusted annual rate (SAAR) for light vehicle sales continued its upward trajectory into the new year and sales in January 2021 were higher than expected.
- According to the U.S. Department of Housing and Urban Development, new privately-owned housing unit starts totaled 1.669 million in December, representing a 5.8% increase over November 2020 and a 78.7% increase from pandemic-related lows in April 2020.

Mining

- Copper prices rising, reaching $3.55 per pound on February 1st, the highest price since February 2013. This increase is driven by demand from EV companies.
- Quarry and construction business returning, with aggregates for residential construction a large driver.
- Diversification away from coal continues to be a focus (33% of LSB sales mining volumes in 2016 vs 1% of LSB mining sales volumes in 2020).





LSB Consolidated Financial Highlights

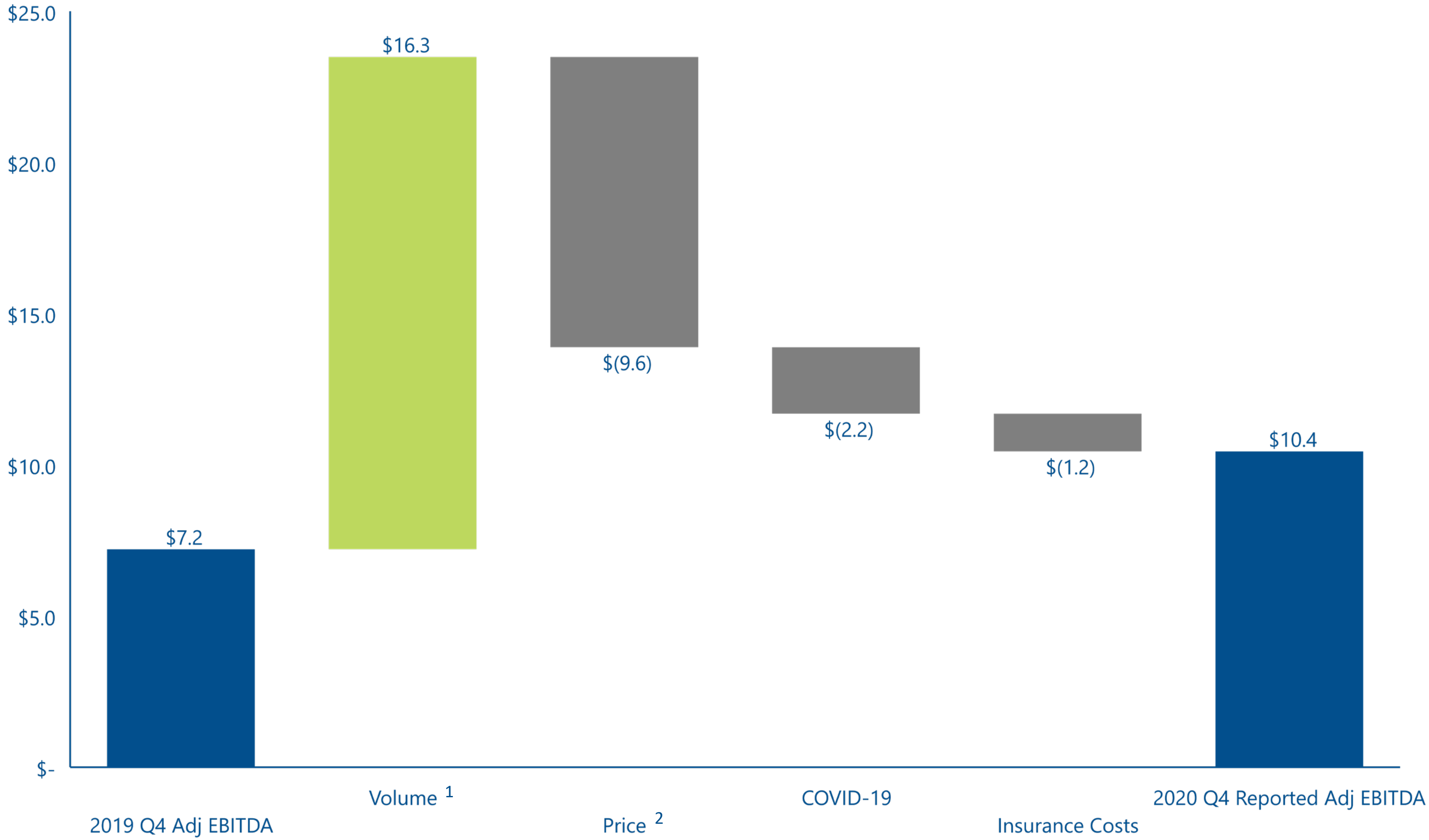
$ in millions, except per share amounts

	4Q 2020	4Q 2019	
Sales	$88.9	$73.9	▪ Sales up 20%: Volume up 31%, Price down (11%)
Adjusted Gross Profit [1]	$14.2	$9.8	▪ Higher production and sales volumes and lower gas cost partially offset by lower selling prices
Operating Loss	($10.2)	($31.3)	▪ 43 days of turnaround at Pryor in Q4 2019
EBITDA[2] *Margin %*	$7.1 *8%*	($13.7) *(19%)*	▪ ~ $5.4M of turnaround cost included in Q4 2019 ▪ Legal fees for Leidos case approximately $3.8 million and $0.6 million in Q4 2019 and Q4 2020, respectively
Adjusted EBITDA[2] *Margin %*	$10.4 *12%*	$7.2 *10%*	▪ $16.3 million from higher volume partially offset by $2.2 million lost COVID 19 volume and $9.6 million lower pricing

(1) Adjusted gross profit excludes turnaround, depreciation, and amortization expenses. This is a non-GAAP measure. Refer to the Gross Profit Reconciliation page within this presentation for reconciliation of adjusted gross profit to reported gross profit.
(2) This is a non-GAAP measure; refer to the EBITDA Reconciliation page within this presentation.

Fourth Quarter – 2020 vs. 2019

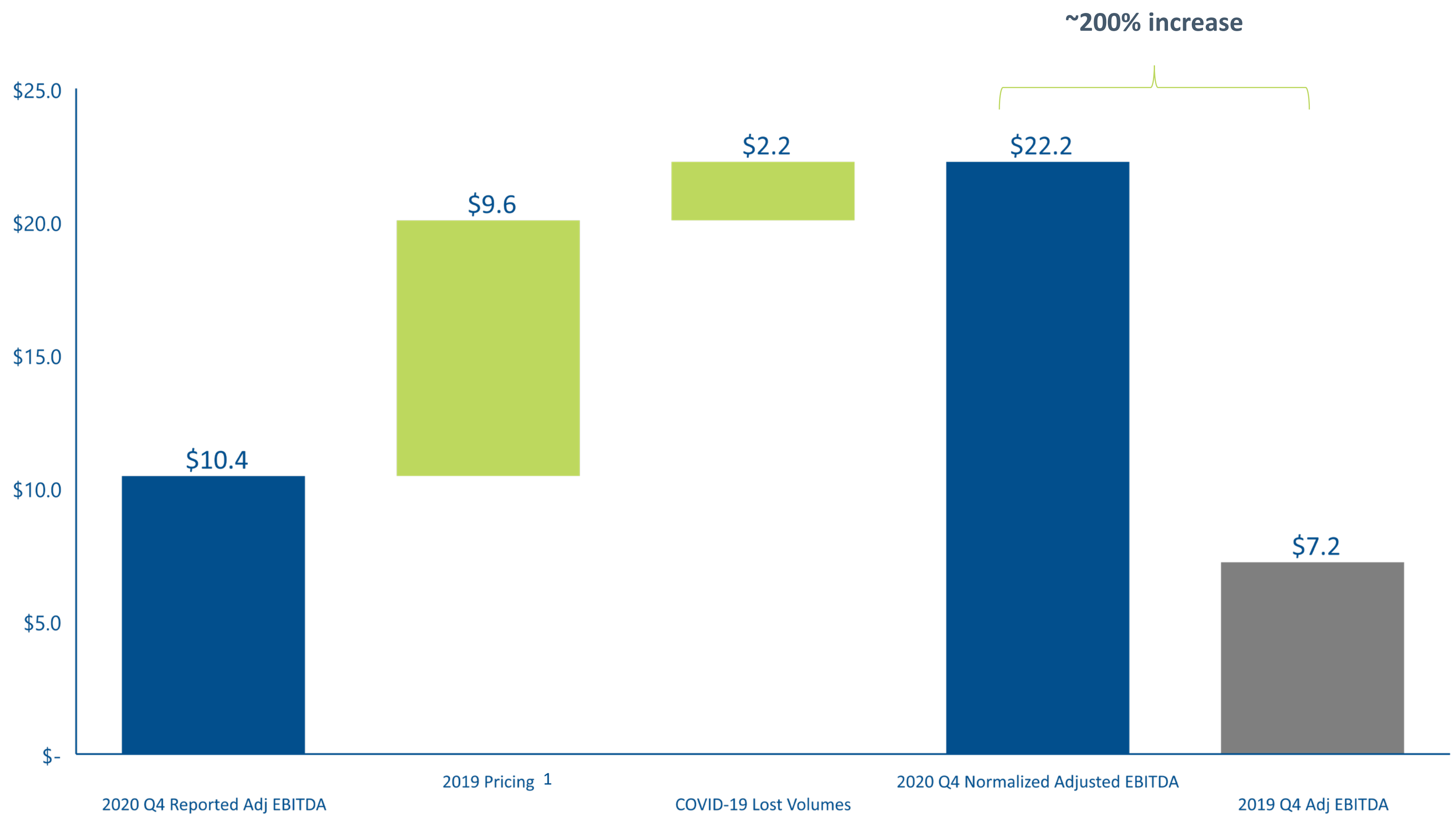
$ in millions



(1) Volume is net of higher railcar expenses and higher distribution fees related to higher sales volumes.
(2) Represents $9.7 million from lower selling prices net of $0.1 million from lower natural gas.

Underlying Business Continues to Improve

$ in millions



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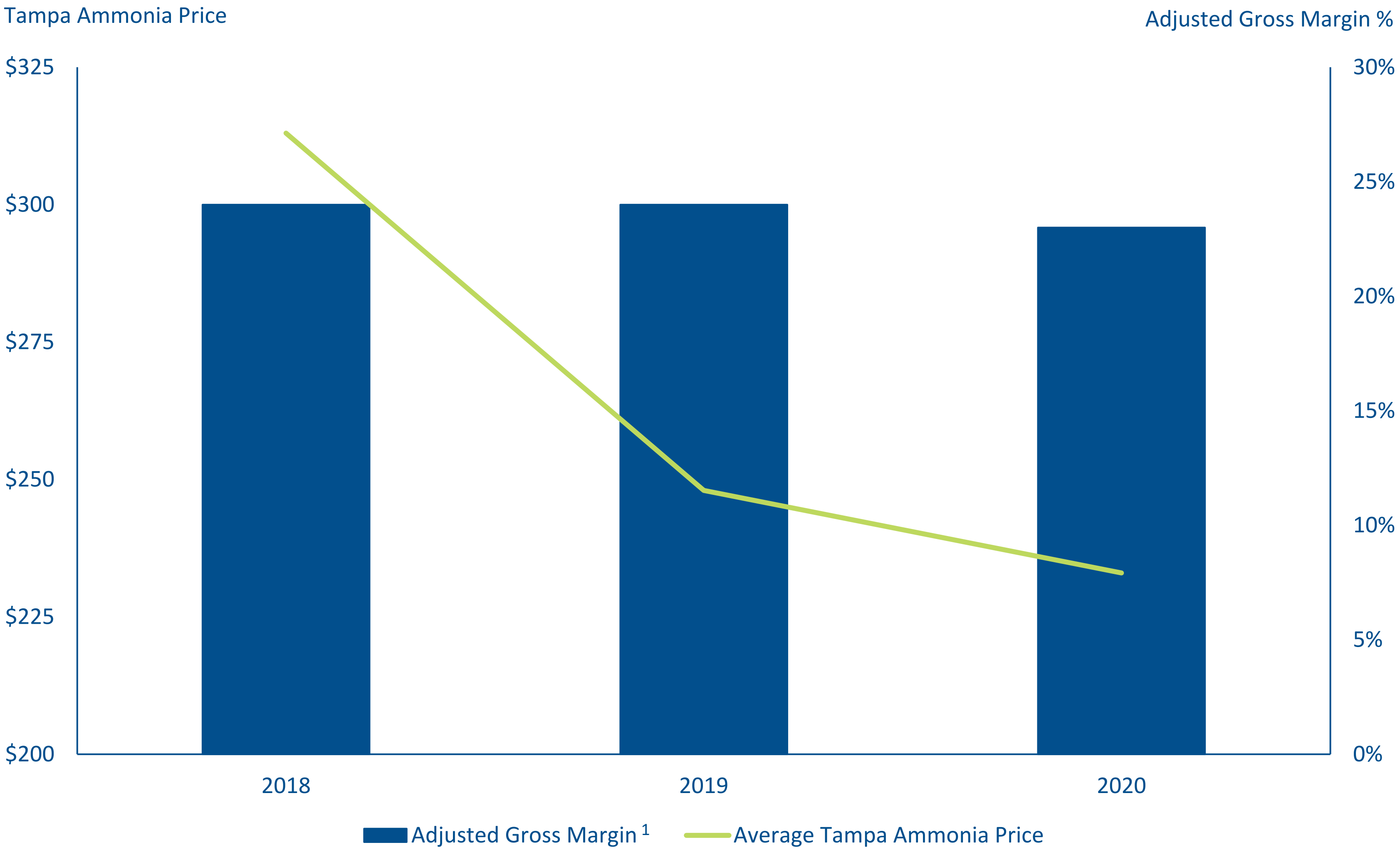
Adjusted Gross Margin Remains Stable as Operating Gains Offset Lower Pricing



(1) Adjusted gross profit margin excludes turnaround, vendor settlements, depreciation, and amortization expenses. This is a non-GAAP measure. Refer to the Gross Profit Reconciliation page within this presentation for reconciliation of adjusted gross profit to reported gross profit.

Current Capital Structure

Senior Secured Notes

- $435 million at 9.625%
- Due May 2023
- Call premium of 103 in May 2021
- No maintenance covenants

Working Capital Revolver

- $65 million (Prime + 50 bps)
- Expires February 2024
- Springing maintenance covenants when borrowing exceeds 90% of availability; no trigger point has occurred

Redeemable Preferred Stock

- $278.0 million at 14%
- Callable at par
- First put date October 2023

Opportunities to Improve Capital Structure

- Reviewing refinancing opportunities
  - Favorable fertilizer market trends and continued recovery of industrial demand exiting pandemic
  - Improving financial results
  - Issuer friendly credit market environment

2021 Outlook

Operating:	Full Year 2021	Full Year 2020
Ammonia Production (tons)	830,000 – 850,000	827,000
Turnarounds	Cherokee - 30 days in Q3 Approximately $10 million in turnaround expense ($7 million Cherokee, $3 million other)	No turnarounds
Capex	~ $30 million	$30 million

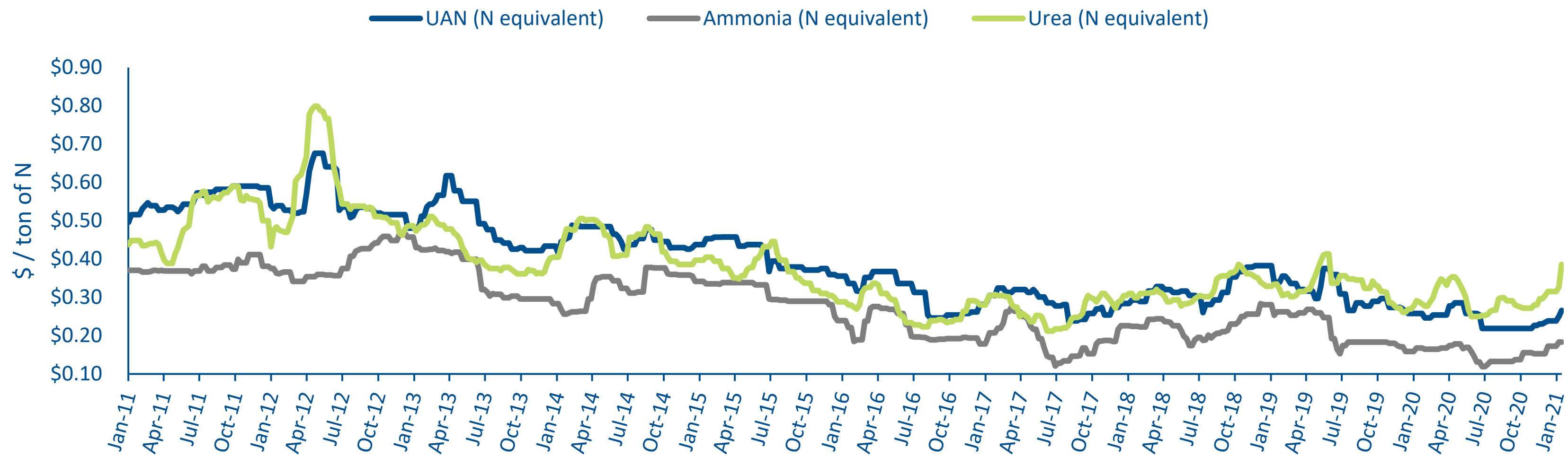
Sales Volume:	Full Year 2021 Sales (tons)	Full Year 2020 Sales (tons)
Agriculture:		
UAN	480,000 – 500,000	499,000
HDAN	280,000 – 300,000	293,000
Ammonia	70,000 – 90,000	97,000
Industrial, Mining and Other:		
Ammonia	240,000 – 260,000	269,000
AN, Nitric, and Other	400,000 – 420,000	303,000
Sulfuric Acid	145,000 – 165,000	146,000

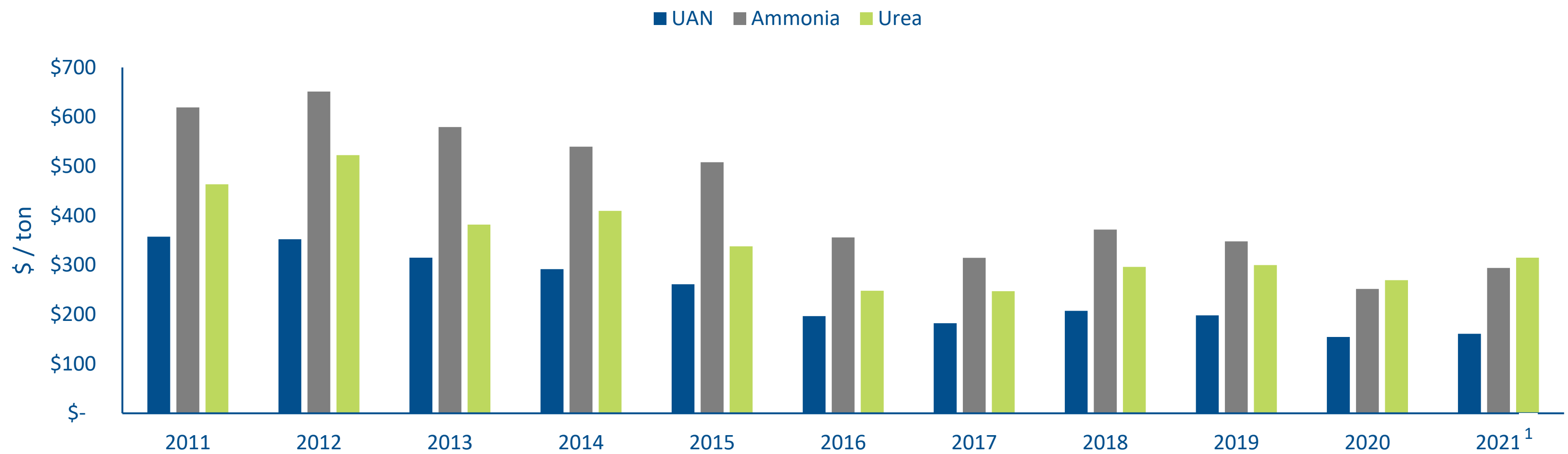
2021 Outlook

Financial (Full Year):	
Variable Plant Expenses:	
Natural gas feedstock consumption (on average)	30 – 33 MMBtu/ton of ammonia
Electricity	5.0% – 7.0% of sales
Catalyst expense (burnoff)	1.0% – 2.0% of sales
Freight	9.0% – 11.0% of sales
Other purchased products (primarily Ag Centers)	2.0% – 4.0% of sales
Other expenses	0.5% – 2.5% of sales

Financial (Full Year):	
Fixed Plant Expenses Including Plant	
Salary and Wages (excluding depreciation and turnaround):	$95 million – $105 million
Logistics/Rail Car Lease Expense:	$10 million – $15 million
SG&A:	$30 million – $35 million
Depreciation Expense:	$70 million – $75 million
Interest Expense:	$45 million – $50 million

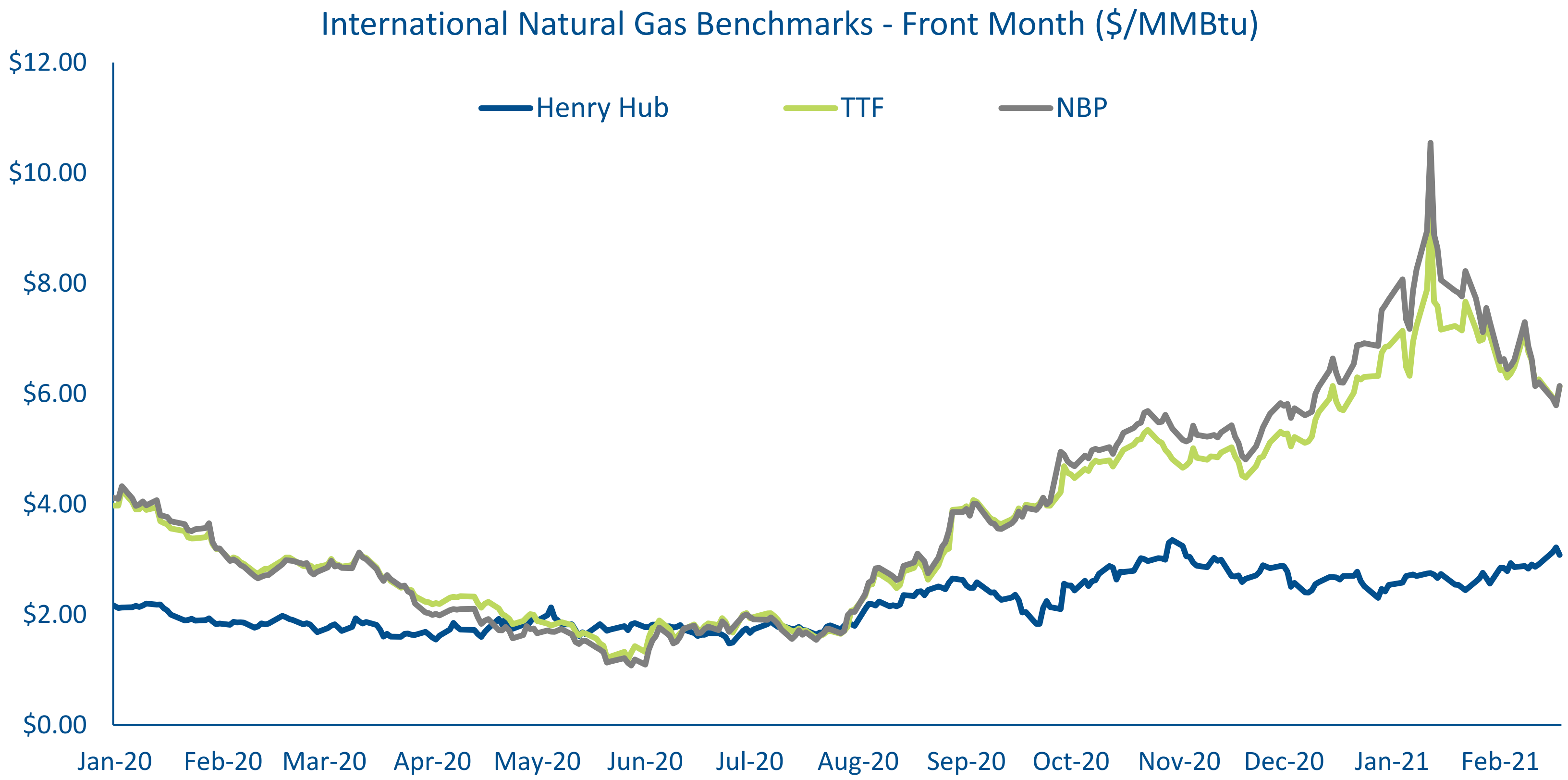
UAN Continues to Trade at a Discount to Urea on a Nitrogen Equivalent Basis



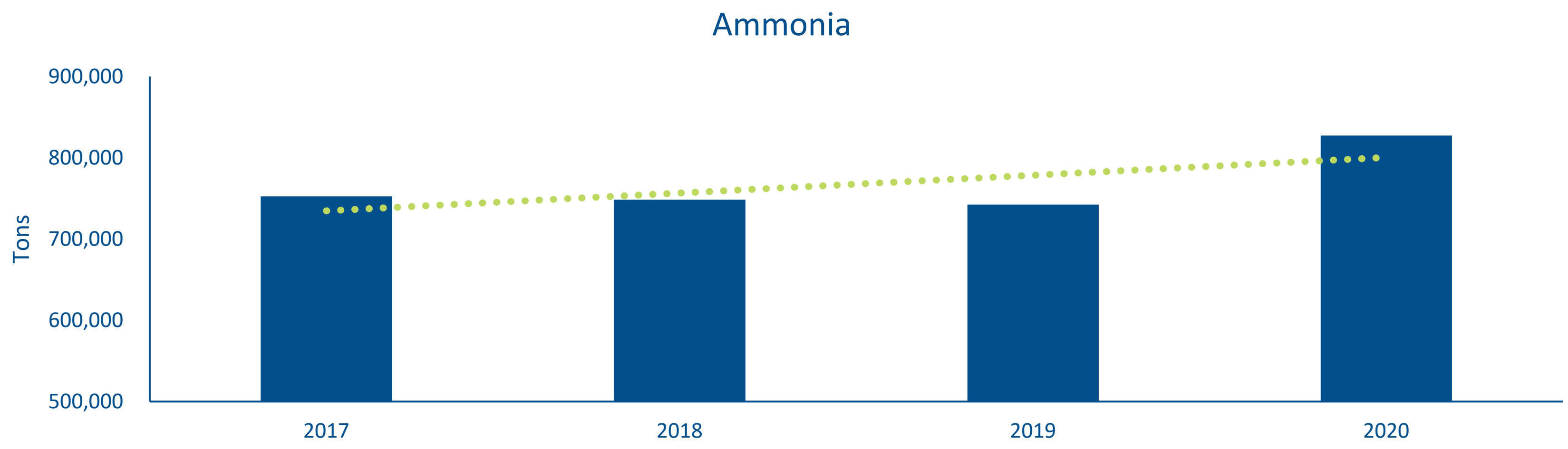


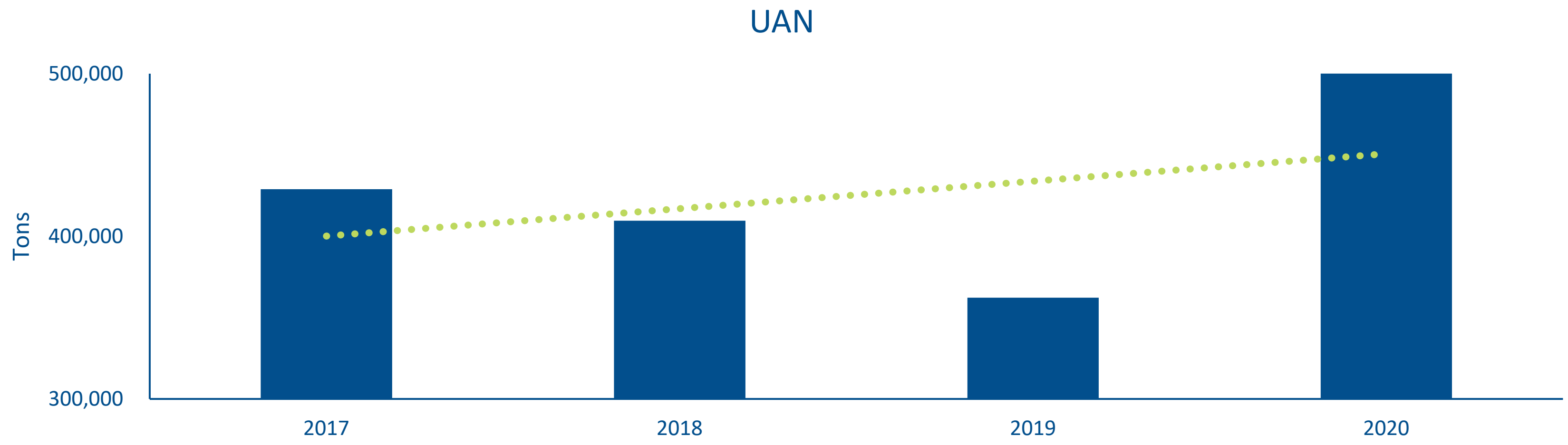
(1) Represents January 2021.

Increasing Global Energy Price Spreads



Record Production of Ammonia and UAN in 2020; Strong Production Year Overall





Positioned for Growth and Improved Financial Performance

Realizing returns from completed maintenance and upgrades in 2019

- Record urea production at our Cherokee facility in Q4 2020
- Reached record ammonia, UAN, and DEF production in 2020
- Optimizing product mix to maximize margins

Continued broadening of our distribution through aggressive sales and marketing programs and additional storage capacity

- New 7-year contract signed for 70,000 – 100,000 tons of Nitric Acid that began in early 2021
- New contract awards in LDAN and sulfuric acid
- Continued growth into markets outside the United States (Mexico and Canada)
- Added storage allows maximum capacity utilization and positioning of product

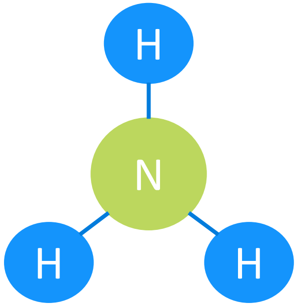
Executing on key margin enhancement projects

- HDAN storage dome completed in April which allows us to maximize production and selling prices
- Commissioned Nitric Acid loading and storage to support new contract
- Engineering underway for new C02 guest plant with start-up expected in Q4, 2021
- Several new projects under evaluation

What is Green Ammonia?

"Green Ammonia is produced using renewable feedstock, specifically hydrogen from water electrolysis and nitrogen separated from the air, rather than natural gas or coal, resulting in a zero CO2 emission process.

- Ammonia's potential as an energy carrier raises demand for ammonia to multiple billion tons per year.[1]
- As an existing ammonia producer, LSB is well positioned to lever its assets and knowledge to capitalize on potential green ammonia opportunities.
- Applications
  - Zero-carbon fuel for maritime sector
  - Carbon-free fertilizer and food
  - Best-suited long distance hydrogen carrier
  - Preferred substitute for coal in countries with limited renewable energy sources
  - Industrial applications in automotive, construction, and food additives



1. Per Argus Media

Appendix

EBITDA Reconciliation

LSB Consolidated ($ In Thousands)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2020	2019	2020	2019
Net loss	**($21,692)**	**($27,714)**	**($61,911)**	**($63,417)**
Plus:				
Interest expense	12,606	12,080	51,115	46,389
Depreciation and amortization	17,939	17,064	70,841	69,574
Benefit for income taxes	(1,741)	(15,108)	(4,749)	(20,924)
EBITDA (1)	**$7,112**	**($13,678)**	**$55,296**	**$31,622**
Stock-based compensation	134	421	1,761	2,220
Severance costs	-	615	-	615
Unrealized loss on commodity contracts	1,743	-	1,205	-
Legal fees (Leidos)	572	3,843	5,715	9,601
Loss on disposal of assets and other costs	312	10,564	921	11,221
Fair market value adjustment on preferred stock embedded derivatives	562	(437)	(55)	(558)
Consulting costs associated with reliability and purchasing initiatives	(20)	502	558	1,414
Turnaround costs	31	5,373	76	13,210
Adjusted EBITDA (2)	**$10,446**	**$7,203**	**$65,477**	**$69,345**

(1) EBITDA is defined as net income (loss) plus interest expense, plus loss on extinguishment of debt, plus depreciation and amortization (D&A) (which includes D&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 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

LSB Consolidated ($ In Thousands)	Three Months Ended December 31, 2020	Three Months Ended December 31, 2019	Twelve Months Ended December 31, 2020	Twelve Months Ended December 31, 2019	Twelve Months Ended December 31, 2018
Net sales					
Agricultural	$ 41,595	$ 32,851	$ 180,036	$187,641	$187,164
Industrial and Mining	47,308	41,045	171,280	177,429	190,996
Total net sales	**88,903**	**73,896**	**351,316**	**$365,070**	**$378,160**
Adjusted gross profit [1]	**14,167**	**9,831**	**80,960**	**$86,458**	**$90,868**
Depreciation and amortization [2]	(17,601)	(16,735)	(69,500)	(68,263)	(70,184)
Turnaround expense	(31)	(5,373)	(76)	(13,210)	(9,768)
Vendor Settlements	-	-	5,664	-	4,919
Total gross profit	**$ (3,465)**	**$ (12,277)**	**$ 17,048**	**$4,985**	**$15,835**
Adjusted gross profit margin [3]	16%	13%	23%	24%	24%
Total gross profit margin [3]	-4%	-17%	5%	1%	4%

(1) Represents a non-GAAP measure since the amount excludes depreciation, amortization, vendor settlements, and turnaround expenses.

(2) Represents amount classified as cost of sales.

(3) As a percentage of the respective net sales.

EBITDA Sensitivity Grid at $3.00/mmbtu Gas

$ in millions

Significant Earnings Power at Optimal Operating Rates

Average Tampa Ammonia Price/MT For A Year	Average UAN Price/ST For A Year				
	$ 210	$ 190	$ 170	$ 150	$ 130
$ 400	$ 180	$ 170	$ 160	$ 150	$ 140
$ 350	$ 160	$ 150	$ 140	$ 130	$ 120
$ 300	$ 140	$ 130	$ 120	$ 110	$ 100
$ 250	$ 120	$ 110	$ 100	$ 90	$ 80
$ 200	$ 100	$ 90	$ 80	$ 70	$ 60

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
- Average ammonia plant on-stream rate of 97%, 95% and 95% at El Dorado, Cherokee and Pryor, respectively (excluding turnaround)
- Every $0.10 change in gas is approximately $2.0-$2.5 million (depending on product mix)

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