LSB INDUSTRIES

Third Quarter 2019 Update

October 29, 2019

lsbindustries.com

Agenda

Overview

- Mark Behrman, President and Chief Executive Officer

Financial Review

- Cheryl Maguire, Senior Vice President and Chief Financial Officer

Q&A

Forward-Looking Statements

- 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 expenditures for 2019; 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.

Third Quarter 2019 - Overview

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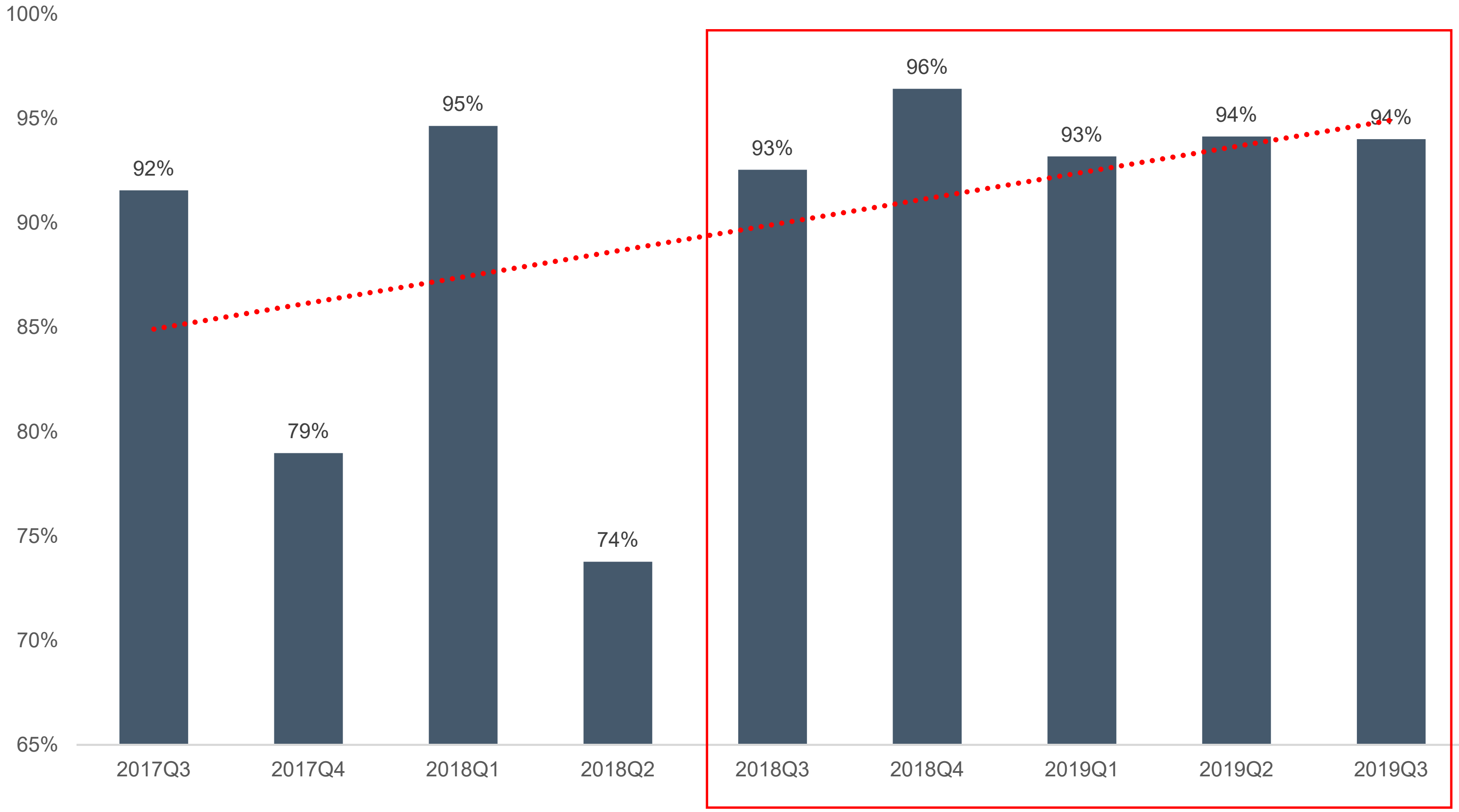
- Ammonia on-stream rates averaged approximately 94% (excluding turnaround) across all three facilities
- Successful completion of an 18-day turnaround at El Dorado in August and kick-off of turnaround at Pryor in September
- Net pricing per ton for HDAN and UAN improved 13% and 4%, respectively, compared to Q3 2018
- UAN volumes and agricultural ammonia volumes increased 26% and 11%, respectively, compared to the same period last year
- Tampa ammonia benchmark lower by approximately $90/MT as compared to the third quarter of 2018
- Natural gas costs 11% lower than Q3 2018

Achieving Consistent Ammonia On-Stream Rates

94% average over last five quarters(1)



(1) Quarterly on-stream rates are a weighted average of all three plants.

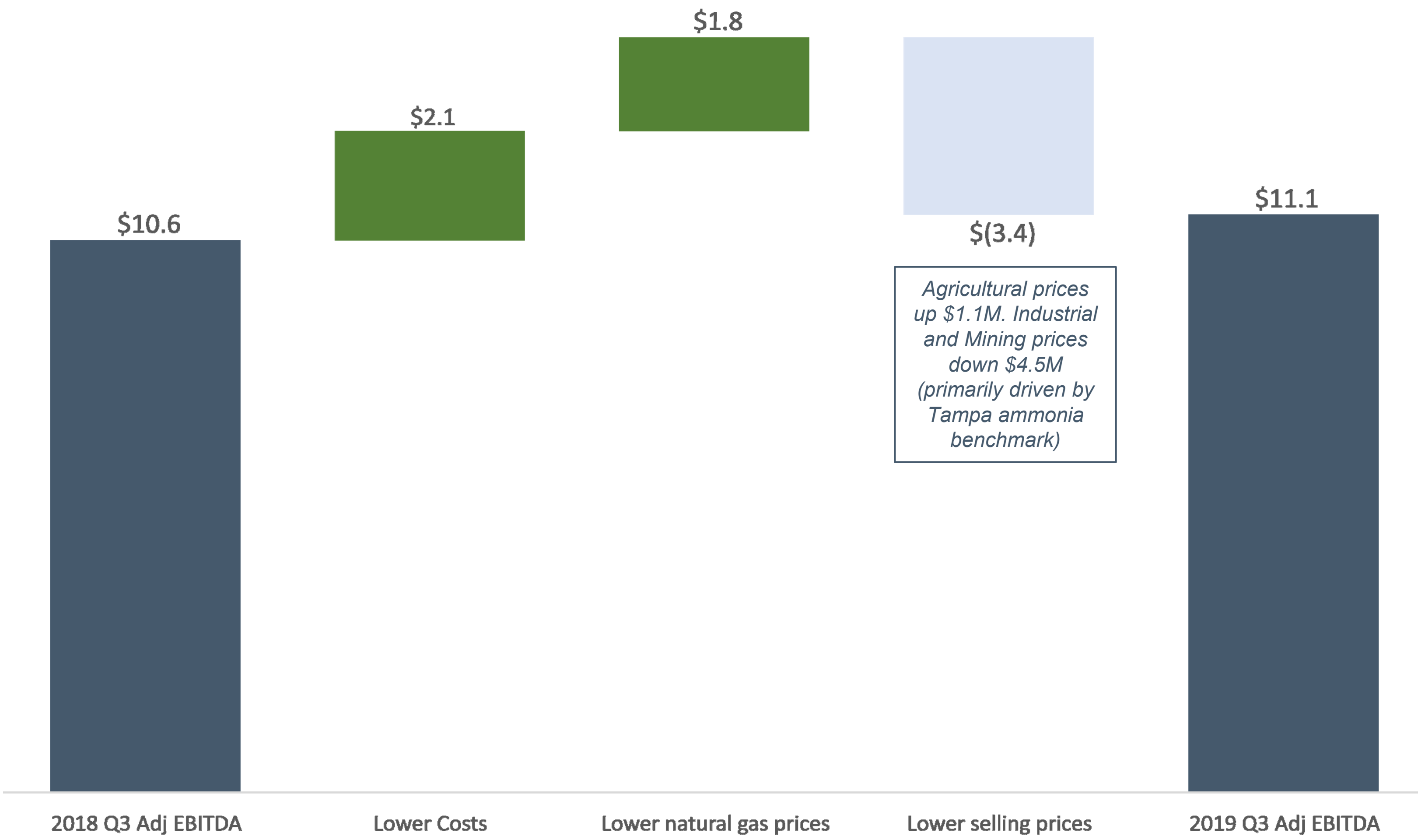
LSB Consolidated Financial Highlights

Third Quarter 2019

($ In Millions, Except EPS)	Three Months Ended September 30, 2019	2018	Change	Nine Months Ended September 30, 2019	2018	Change
Net sales	$ 75.5	$ 79.8	$ (4.3)	$ 291.2	$ 283.4	$ 7.7
Gross profit	$ (9.7)	$ (9.7)	$ 0.0	$ 17.3	$ 3.4	$ 13.8
% of net sales	*-12.9%*	*-12.2%*	*-0.7%*	*5.9%*	*1.2%*	*4.7%*
Selling, general and administrative expense	$ 9.1	$ 9.1	$ 0.0	$ 24.7	$ 25.8	$ (1.1)
% of net sales	*12.1%*	*11.4%*	*0.7%*	*8.5%*	*9.1%*	*-0.6%*
Operating loss	$ (19.2)	$ (16.6)	$ (2.7)	$ (7.8)	$ (20.5)	$ 12.7
% of net sales	*-25.5%*	*-20.8%*	*-4.7%*	*-2.7%*	*-7.2%*	*4.5%*
Interest expense, net	12.0	11.0	1.0	34.3	32.0	2.3
Loss on extinguishment of debt	-	-	-	-	6.0	(6.0)
Non-operating other expense (income), net	0.0	0.9	(0.9)	(0.6)	(0.3)	(0.3)
Loss before income taxes	$ (31.3)	$ (28.5)	$ (2.8)	$ (41.5)	$ (58.2)	$ 16.7
Provision (benefit) for income taxes	(0.5)	(2.4)	1.9	(5.8)	1.0	(6.8)
Net loss	$ (30.8)	$ (26.1)	$ (4.7)	$ (35.7)	$ (59.2)	$ 23.5
% of net sales	*-40.8%*	*-32.7%*	*-8.1%*	*-12.3%*	*-20.9%*	*8.6%*
Diluted EPS	$ (1.39)	$ (1.22)	$ (0.17)	$ (2.14)	$ (2.98)	$ 0.84
EBITDA (1)	$ (1.3)	$ (0.1)	$ (1.2)	$ 45.3	$ 35.1	$ 10.2
Adjusted EBITDA (1)	$ 11.1	$ 10.6	$ 0.5	$ 62.2	$ 52.7	$ 9.4

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

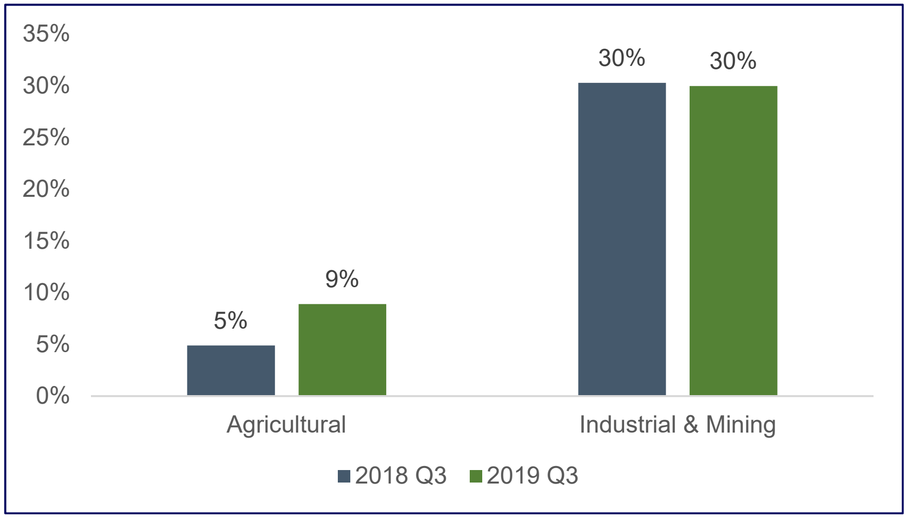
Third Quarter – 2019 vs. 2018
($ In Millions)



Gross Profit Margin by Market [1]

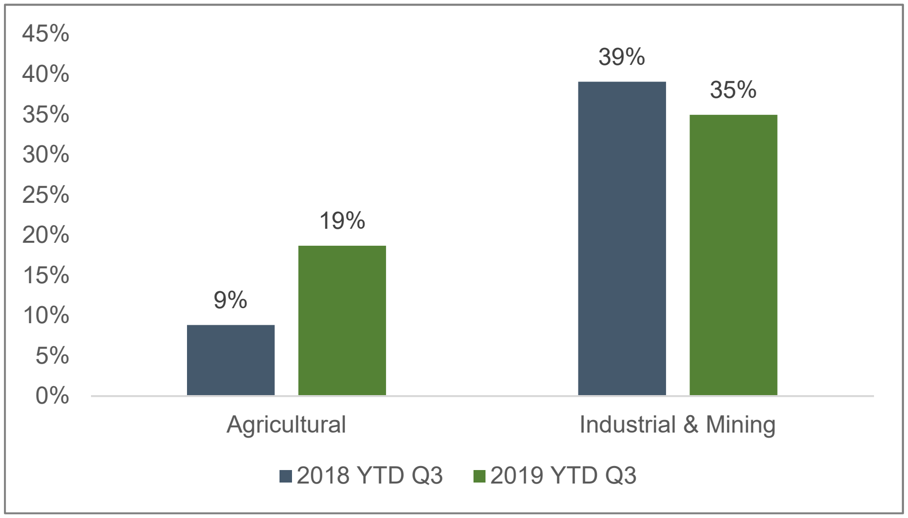
($ In Millions)

Q3 Comparison



- Agricultural: Stronger pricing partially offset by lower sales volumes
- Industrial and Mining: Stronger sales volumes offset by weaker Tampa ammonia benchmark pricing (~90/MT lower year over year)

Year to Date Q3 Comparison



- Agricultural: Stronger pricing partially offset by lower sales volumes
- Industrial and Mining: Tampa ammonia benchmark declined ~$55/MT, partially offset by stronger sales volumes

(1) Gross profit by market represents a non-GAAP measure since the amount excludes depreciation, amortization, and turnaround expenses.

Illustrative EBITDA Impact Associated with Changes in Product & Feedstock Pricing

(Based on 2019 Volumes)

	Selling Price Comparison		Change in Selling Price Impact on EBITDA		
	Q4 2018 Actual Average Selling Prices	Q4 2019 Current/Expected Average Selling Prices	Change		Annual EBITDA Impact
UAN[1]	$180 / ST	$170 / ST	$10.00	+/-	$4.8mm
HDAN[1]	$240 / ST	$200 / ST	$10.00	+/-	$3.0mm
Tampa Ammonia[1]	$345 / MT	$255 / MT	$10.00	+/-	$3.8mm
Illustrative Impact from $10/ton change				+/-	**~$11.6mm**
Natural Gas ($/MMBtu)	$3.46 / MMBtu	$2.40 / MMBtu	$0.10	+/-	$2.4mm

Based on management estimates. Actual pricing impacts may vary based on a number of factors, including many that are beyond the Company's control. For illustrative purposes only.

[1] *Sensitivity calculated on products available for sale based on annual producing capacity.*

Free Cash Flow

$ In Millions	Nine Months Ended September 30, 2019	2018	Change
Net Cash provided by Operating Activities	**$ 41.0**	**$ 38.8**	**$ 2.2**
Capital expenditures for property, plant & equipment	(20.5)	(27.2)	6.7
Free Cash Flow from Operations and Investing[1]	**$ 20.5**	**$ 11.6**	**$ 9.0**
Proceeds from 9.625% senior secured notes, net of discount and fees	35.1	390.5	(355.4)
Payments on senior secured notes	-	(375.0)	375.0
Debt-related costs	(1.1)	(13.5)	12.4
Net payments of debt, short-term financing, and other	(13.9)	(15.4)	1.5
Net cash provided (used) by financing	20.1	(13.5)	33.6
Other[2]	0.1	11.0	(10.9)
Increase in Cash and Cash Equivalents	**$ 40.7**	**$ 9.1**	**$ 31.6**

(1) Free Cash Flow is a non-GAAP measure. The reconciliation above reconciles free cash flow with cash provided by operating activities, which is the most directly comparable GAAP financial measure.

(2) Other in 2018 primarily includes $6.6 million net proceeds on sale of various buildings and land, $2.7 million net proceeds from the release of escrow related to the sale of discontinued operations (NIBE escrow) as well as $1.5 million net proceeds on property insurance recoveries at El Dorado.

Capital Structure

$ In Millions	9/30/19
Cash	**$ 66.8**
Senior Secured Notes	435.0
Working Capital Revolver ($33.8 mm of availability at 9/30/19)	-
Other Debt	34.9
Unamortized Discount and Debt Issuance Costs	(13.2)
Total Long-Term Debt, Including Current Portion, net	**$ 456.7**
Series E and F Redeemable Preferred Stock ($234.7 million aggregate liquidation preference including accrued dividends)	**226.3**
Total Stockholders' Equity	**$ 283.5**
Total Liquidity (Cash plus ABL availability)	**$ 100.6**

Key Information:

Senior Secured Notes
- $435 million at 9.625%
- Due May 2023

Redeemable Preferred Stock
- $234.7 million at 14%
- Callable at par
- First put date October 2023

Working Capital Revolver
- $75 million (Prime + 50 bps)
- Expires February 2024

Business Improvement Initiatives

Operations

- Revamp operator and maintenance training materials and training programs
- Review and upgrade operating and maintenance procedures
- Improvement in communications within operations and maintenance
- Shift change structure improvements
- Continued deployment of enhanced maintenance management system

Commercial

- Continue to increase sales to utilize available production capacity
- Further broaden our customer base and replace lower margin business
- Position product to sell during peak season at higher prices
- Further develop specific product markets
- Tap into sales opportunities on downstream products not currently sold
- Explore additional guest plant opportunities

Supply Chain

Procurement
- Continue to evaluate global supplier contracts to leverage collective buying power
- Standardize procurement processes across sites
- Continue to implement agile inventory replenishment capabilities thereby improving working capital

Logistics
- Build logistics partners to focus on relationships and efficiencies
- Centrally managed team for more coordinated efforts
- Proficiency in rail management systems and railcar fleet optimization

EBITDA Reconciliation

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LSB Consolidated ($ In Millions)	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Net loss	**($30.8)**	**($26.1)**	**($35.7)**	**($59.2)**
Plus:				
Interest expense	12.0	11.0	34.3	32.0
Loss on extinguishment of debt	-	-	-	6.0
Depreciation, depletion and amortization	18.0	17.4	52.5	55.3
Provision (benefit) for income taxes	(0.5)	(2.4)	(5.8)	1.0
EBITDA (1)	**($1.3)**	**($0.1)**	**$45.3**	**$35.1**
Stock-based compensation	0.5	1.3	1.8	4.3
Legal fees (Leidos)	3.3	1.9	5.8	3.0
Loss (gain) on sales of a business and other property and equipment	0.4	(2.4)	0.7	(1.9)
Fair market value adjustment on preferred stock embedded derivatives	0.4	1.1	(0.1)	0.1
Consulting costs associated with reliability and purchasing initiatives	0.5	0.8	0.9	2.5
Turnaround costs	7.2	7.9	7.8	9.7
Adjusted EBITDA (2)	**$11.1**	**$10.6**	**$62.2**	**$52.7**

(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 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 Millions)	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Net sales				
Agricultural	$35.5	$36.0	$154.8	$146.3
Industrial and Mining	40.0	43.8	136.4	137.1
Total net sales	**$75.5**	**$79.8**	**$291.2**	**$283.4**
Gross Profit				
Agricultural (1)	3.2	1.8	28.9	12.9
Industrial and Mining (1)	12.0	13.3	47.7	53.6
Adjusted gross profit by market (1)	**$15.1**	**$15.0**	**$76.6**	**$66.5**
Depreciation and amortization (2)	(17.6)	(16.8)	(51.5)	(53.4)
Turnaround expense	(7.2)	(7.9)	(7.8)	(9.7)
Total gross profit	**($9.7)**	**($9.7)**	**$17.3**	**$3.4**
Gross Profit Margin				
Agricultural (3)	9%	5%	19%	9%
Industrial and Mining (3)	30%	30%	35%	39%
Adjusted gross profit by market (3)	**20%**	**19%**	**26%**	**23%**
Total gross profit margin (3)	**-13%**	**-12%**	**6%**	**1%**

(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.

Consolidated EBITDA

Sensitivity Analysis (*$ In Millions)*

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Significant Earnings Power at Optimal Operating Rates

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

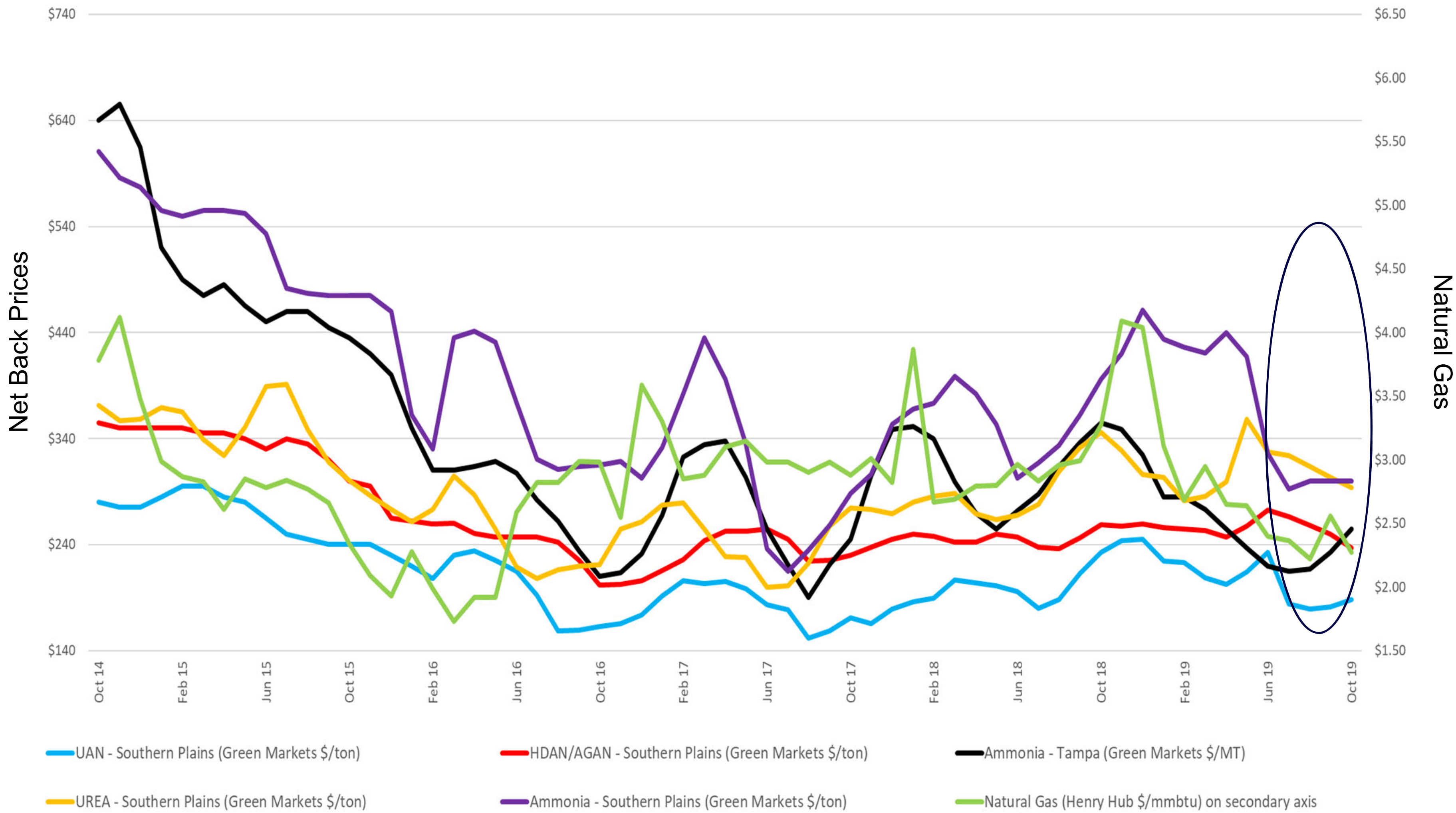
Note: The model above is only intended to illustrate the relationship between variables. It is not an estimate of operating results for any future period.

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.

Chemical Commodities
Feedstock & End Products 5-year Price Trend



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