First Quarter 2019 Update

May 1, 2019

Agenda

Overview

- Mark Behrman, President and Chief Executive Officer

Operations Review

- John Diesch, Executive Vice President, Chemical Manufacturing

Financial Review

- Cheryl Maguire, Senior Vice President and Chief Financial Officer

Q&A

Forward-Looking Statements

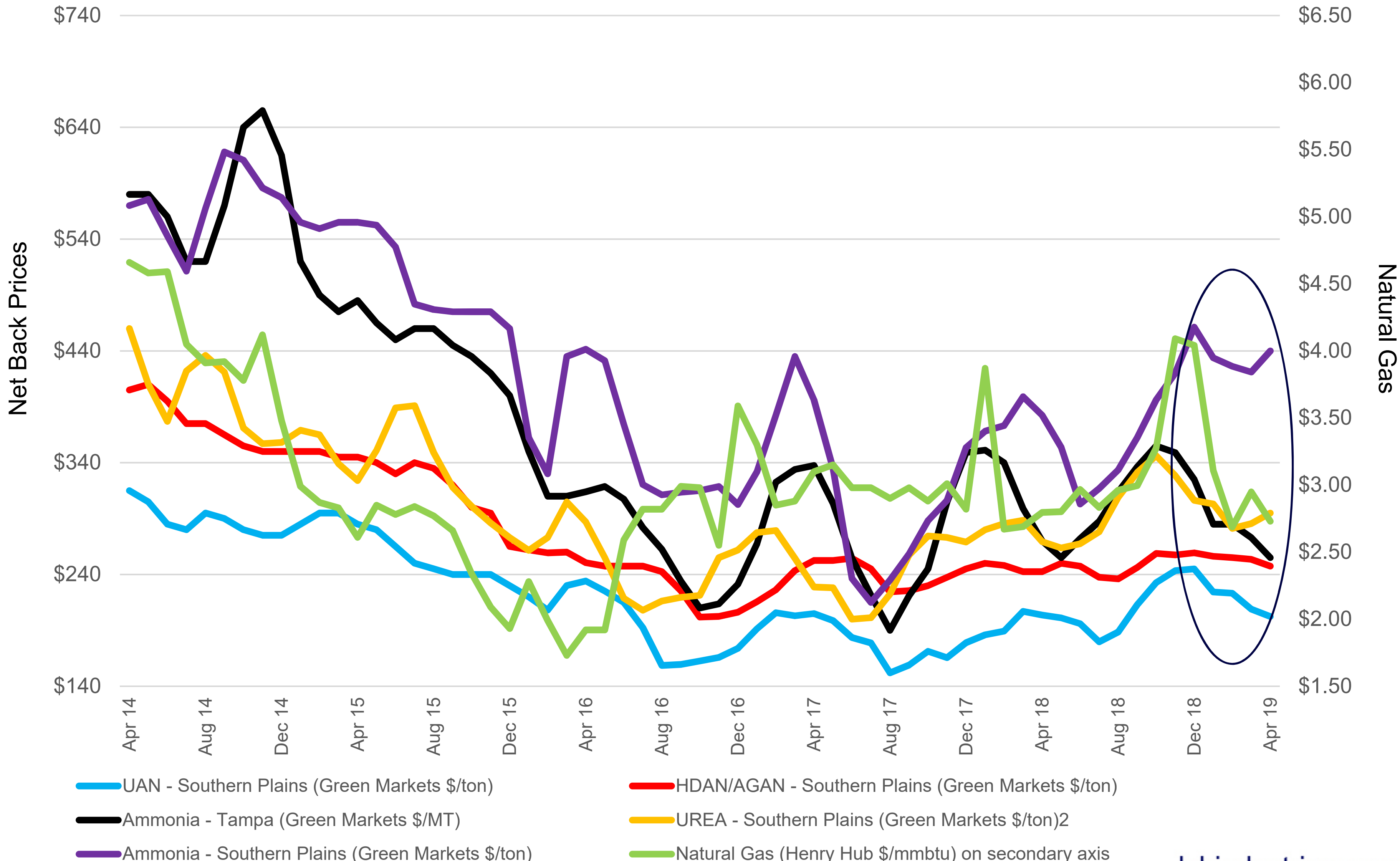
- This presentation contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements generally are identifiable by use of the words “may,” “believe,” “expect,” “intend,” “plan to,” “estimate,” “project” or similar 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.

First Quarter 2019 - Overview

- Ammonia on-stream rates averaged approximately 93% across all three facilities with El Dorado operating at a 96% on-stream rate, Cherokee at 93%, and Pryor operating at an 88% on-stream rate for the quarter
- Cold, wet weather throughout much of the Midwest during the first three months of the year delayed the start of the spring fertilizer application season, affecting our net sales and adjusted EBITDA for the quarter
- Net pricing per ton for UAN, agricultural ammonia, and HDAN improved 54%, 12%, and 5%, respectively, compared to Q1 2018
- Tampa ammonia benchmark lower by approximately \$50/MT as compared to the first quarter of 2018
- Sales volumes for industrial products increased 9% compared to Q1 2018

Chemical Commodities
Feedstock & End Products 5-year Price Trend

LSB INDUSTRIES



lsbindustries.com

First Quarter 2019 Operational Review

El Dorado

- Ammonia plant on-stream rate of 96%
- Planning turnaround in August for equipment and vessel inspections along with catalyst changes
- Next turnaround will be in 2022
- HDAN capacity increase and reliability improvements slated for installation in the 3rd quarter
- Sulfuric acid converter replacement project is on schedule for completion by the end of 2019

Pryor

- Ammonia plant on-stream rate of 88%
- Planning for major summer turnaround with catalyst changes and reliability upgrades
- New urea reactor has been set; final tie-ins will be made in summer turnaround along with electrical and control system upgrades to the urea plant
- Major compressor and control upgrades are planned for nitric acid plant during turnaround

Cherokee

- Ammonia on-stream rate of 93%
- Focus on improving reliability of urea plant

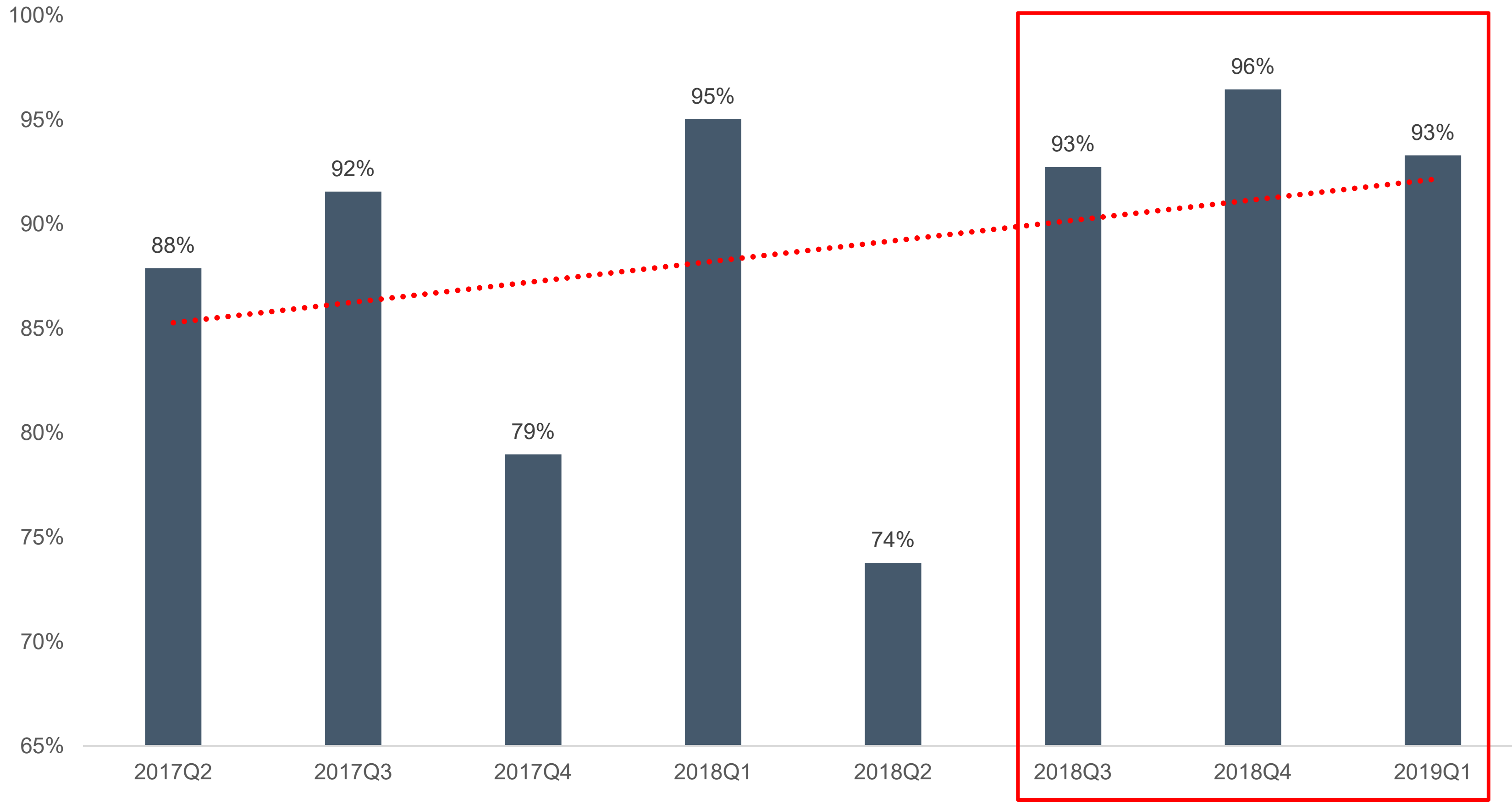
Baytown

- Nitric Acid Plant on-stream rate of 100% excluding planned catalyst change
- Plant operating at full rates

Reliability and Operational Improvement (ROI) Phase 2 underway to improve Operating Procedures and Training Programs

Achieving Consistent Ammonia On-Stream Rates

94% average over last three quarters(1)



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

LSB Consolidated Financial Highlights

First Quarter 2019

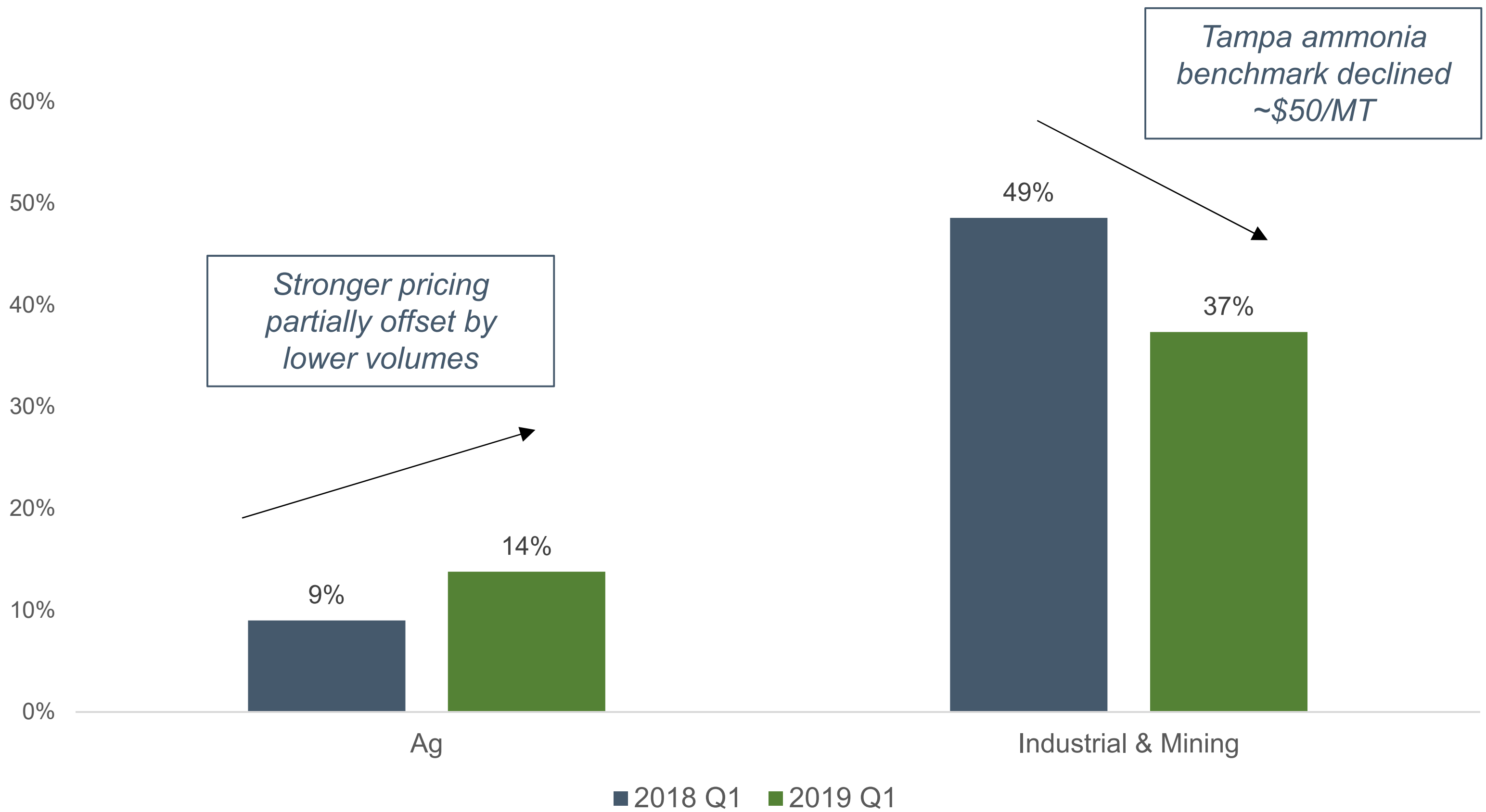
($ In Millions, Except EPS)	Three Months Ended March 31, 2019	2018	Change
Net sales	$ 94.2	$100.5	$ (6.3)
Gross profit	$ 7.3	$10.1	($2.8)
% of net sales	*7.8%*	*10.1%*	*-2.3%*
Selling, general and administrative expense	$ 7.2	$8.3	($1.1)
% of net sales	*7.7%*	*8.3%*	*-0.6%*
Operating income	$ 0.1	$1.9	($1.8)
% of net sales	*0.1%*	*1.9%*	*-1.8%*
Interest expense, net	11.0	9.3	1.7
Non-operating other expense (income), net	0.2	(0.9)	1.1
Loss from continuing operations before income taxes	$ (11.1)	($6.5)	($4.6)
Provision (benefit) for income taxes	0.4	(0.9)	1.3
Net loss	$ (11.5)	($5.6)	($5.9)
% of net sales	*-12.3%*	*-5.6%*	*-6.7%*
Diluted EPS	$ (0.69)	$ (0.49)	($0.20)
EBITDA [(1)]	$ 17.0	$21.1	($4.1)
Adjusted EBITDA [(1)]	$ 18.1	$23.1	($5.0)

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

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

Gross Profit Margin by Market [(1)]

($ In Millions)



(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

LSB INDUSTRIES

(Based on 2019 Volumes)

	Selling Price Comparison		Change in Selling Price Impact on EBITDA		
	Q2 2018 Actual Average Selling Prices	Q2 2019 Current/Expected Average Selling Prices	Change		Annual EBITDA Impact
UAN[1]	$178 / ST	$185 / ST	$10.00	+/-	$4.8mm
HDAN[1]	$254 / ST	$240 / ST	$10.00	+/-	$3.0mm
Tampa Ammonia[1]	$265 / MT	$245 / MT	$10.00	+/-	$3.8mm
Illustrative Impact from $10/ton change				+/-	**~$11.6mm**
Natural Gas ($/MMBtu)	$2.60 / 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	Three Months Ended March 31, 2019	2018	Change
Net Cash provided by Operating Activities [1]	**$ 7.1**	**$ 1.2**	**$ 5.8**
Capital expenditures for property, plant & equipment	(7.1)	(6.2)	(0.9)
Free Cash Flow from Operations and Investing[2]	**$ 0.0**	**$ (5.0)**	**$ 5.1**
Proceeds from other long-term debt	0.8	-	0.8
Net payments of debt, short-term financing, and other	(5.1)	(4.3)	(0.8)
Net cash used by financing	(4.3)	(4.3)	(0.0)
Other[3]	0.0	4.4	(4.4)
Decrease in Cash and Cash Equivalents	**$ (4.3)**	**$ (5.0)**	**$ 0.6**

(1) In Q1 2019, we consolidated our natural gas vendors down to one supplier which resulted in a change in gas payment terms. As a result, cash provided by operating activities in the first quarter of 2019 includes approximately $6 million of additional gas payments that historically would have been paid in early April (timing change only).

(2) 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.

(3) Other in 2018 primarily includes $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	3/31/19
Cash	**$ 21.7**
Senior Secured Notes	400.0
Working Capital Revolver ($40.1 mm of availability at 3/31/19)	10.0
Other Debt	29.4
Unamortized Discount and Debt Issuance Costs	(14.2)
Total Long-Term Debt, Including Current Portion, net	**$ 425.2**
Series E and F Redeemable Preferred Stock ($219.3 million aggregate liquidation preference including accrued dividends)	**209.9**
Total Stockholders' Equity	**$ 322.8**
Total Liquidity (Cash plus ABL availability)	**$ 61.8**

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

Market Outlook

Agricultural

- Despite challenging weather patterns, which have persisted so far in April, we expect meaningful increases in sales volumes and adjusted EBITDA both sequentially and as compared to a year ago
- U.S. growers expected to increase corn area by 2 million to 4 million acres in place of soybeans
- China's ethanol mandate for 2020 expected to drive recovery in corn pricing
- Corn prices are forecasted to hit $4/bushel by the early 2020
- Net UAN imports minus exports in the U.S. market have increased approximately 500k tons this fertilizer season versus last fertilizer season which is putting downward pressure on UAN pricing (fertilizer season is July 1 – February 28 each year)

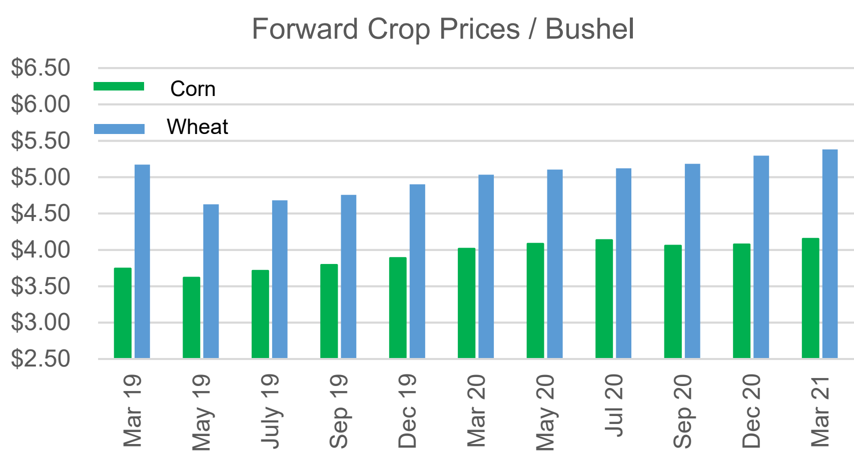
Industrial and Mining

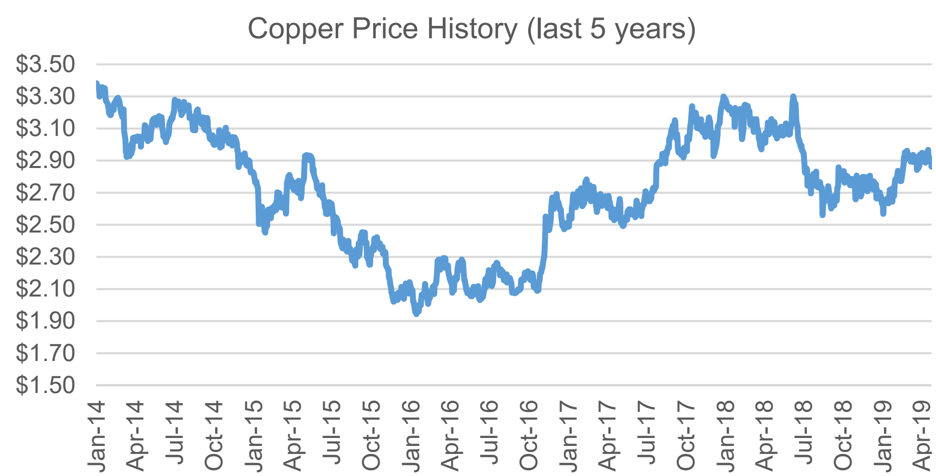
Industrial market:

- According to the American Chemistry Council, the U.S. economic indicators continue to be mostly positive for the housing, automotive, and paper sectors, domestically
- According to the April 2019 forecast by the National Association of Home Builders, housing starts are expected to grow modestly (1-3%) each year 2019-2021

Mining market:

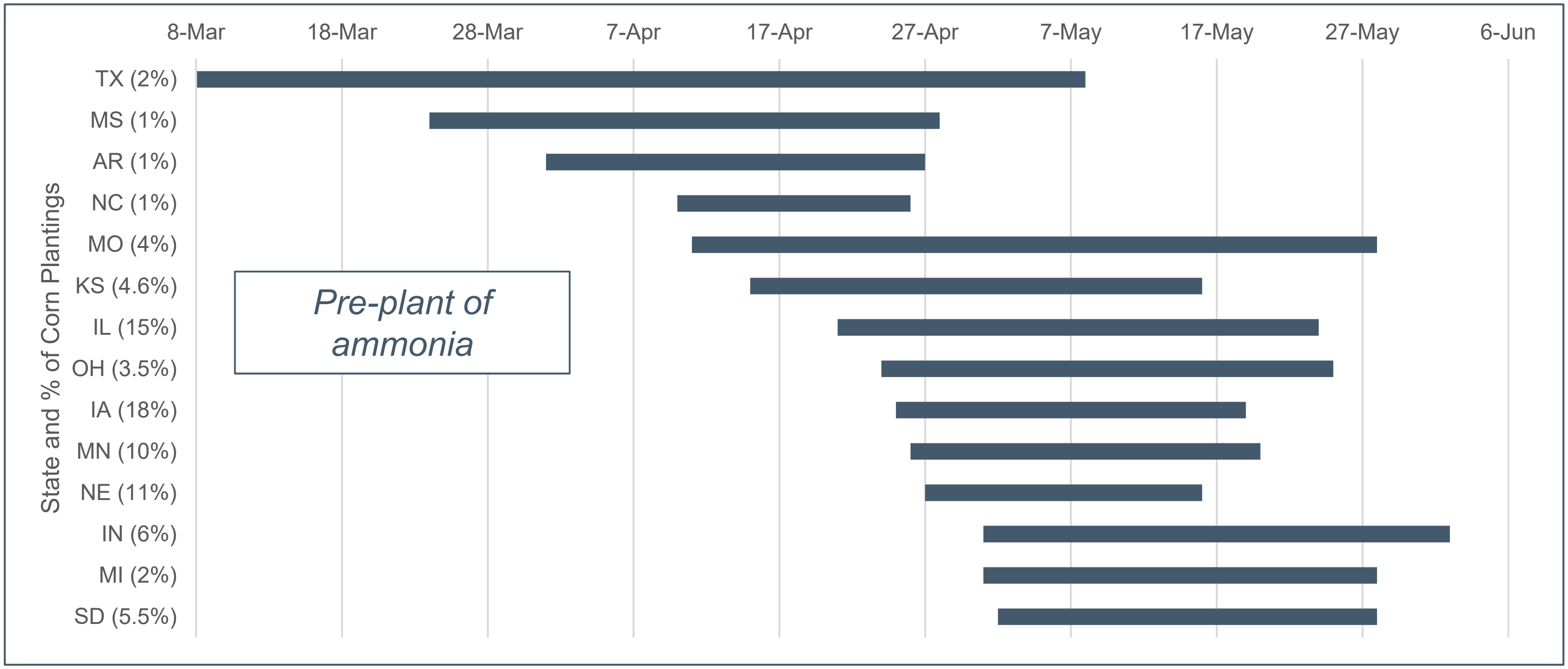
- Coal mining, the largest consuming sector for industrial explosives, is down 2% in 2018 versus 2017 and is expected to decline another 9% in 2019 followed by a further decline of 6% in 2020
- Metal mining accounts for 33% of the market for industrial explosives which is projected to increase 3.1% in 2019
- Production of stone for construction and production of cement for quarrying operations is expected to grow by 3.5% in 2019





Sources: Corn Prices – Barchart 4-1-19 close; Wheat prices – Barchart 4-1-19 close; Copper price history– Macrotrends

US Most Active Corn Planting Dates



State	%	Timing
IA	18%	Late April - Early May
IL	15%	Mid-April - Mid-May
NE	11%	Late April - Late May
MN	10%	Early April - Late May
IN	6%	May
SD	6%	May
KS	5%	Mid-April - Mid-May
Total	**70%**	

Majority of side-dressing post emergence (primarily upgraded nitrogen products)

Source: USDA

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

LSB Consolidated ($ In Millions)	Three Months Ended March 31, 2019	2018
Net income (loss)	**($11.5)**	**($5.6)**
Plus:		
Interest expense	11.0	9.3
Depreciation, depletion and amortization	17.1	18.3
Provision (benefit) for income taxes	0.4	(0.9)
EBITDA (1)	**$17.0**	**$21.1**
Stock-based compensation	0.6	1.4
Loss on disposal of assets	0.2	-
Fair market value adjustment on preferred stock embedded derivatives	0.2	(0.8)
Consulting costs associated with reliability and purchasing initiatives	0.1	1.1
Turnaround costs	0.0	0.3
Adjusted EBITDA (2)	**$18.1**	**$23.1**

(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 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 March 31, 2019	2018
Net sales		
Agricultural	$46.8	$52.3
Industrial and Mining	47.4	48.2
Total net sales	**$94.2**	**$100.5**
Gross Profit		
Agricultural (1)	6.5	4.7
Industrial and Mining (1)	17.7	23.4
Adjusted gross profit by market (1)	**$24.1**	**$28.1**
Depreciation and amortization (2)	(16.8)	(17.7)
Turnaround expense	0.0	(0.3)
Total gross profit	**$7.3**	**$10.1**
Gross Profit Margin		
Agricultural (3)	14%	9%
Industrial and Mining (3)	37%	49%
Adjusted gross profit by market (3)	**26%**	**28%**
Total gross profit margin (3)	**8%**	**10%**

(1) Represents a non-GAAP measure since the amount excludes unallocated 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*)

LSB INDUSTRIES

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.