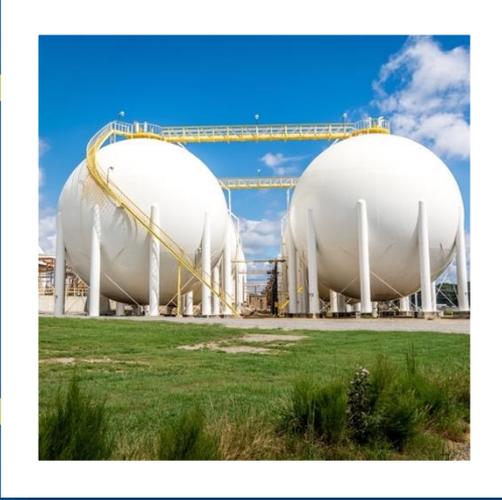


LSB Industries Investor Presentation

(NYSE: LXU)

February 2021



Safe Harbor Statement

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: our future financial performance, liquidity prospects, growth, strategies, capital allocation, and end use demand trends, including the impact of the COVID-19 pandemic; views 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; anticipated improvement of our financial and operational performance; our planned capital additions; anticipated 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. We caution you, therefore, against relying on any of these forward-looking statements. They are neither statements of historical fact nor guarantees or assurances of future performance. Though we believe that expectations reflected in such forward-looking statements are reasonable when made, 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 regional, national or global political, economic, business, competitive market and regulatory conditions, including the ongoing COVID-19 pandemic and other 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,” “Management Discussion and Analysis of Financial Condition and Results of Operations” and “Special Note Regarding Forward-Looking Statements” in our Form 10-K for the year ended December 31, 2019 and, if applicable, our subsequent Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K, all of which are available on the SEC’s website at www.sec.gov. All forward-looking statements included in this press release are expressly qualified in their entirety by such cautionary statements. Any forward-looking statement made by us in this presentation, any conference call or other communication during which this presentation is reviewed and any discussions that follow speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We expressly disclaim any obligation to update, amend or clarify and forward-looking statement to reflect events, new information or circumstances occurring after the date of this press release except as required by applicable law.

Non-GAAP Financial Measures

This presentation includes certain non-GAAP financial measures, including adjusted EBITDA and adjusted gross profit margin, which are provided to assist in an understanding of our business and its performance. These non-GAAP financial measures should be considered only as supplemental to, and not as superior to, financial measures prepared in accordance with GAAP. Non-GAAP financial measures should be read only in conjunction with consolidated financial statements and other financial information prepared in accordance with GAAP. Reconciliations of non-GAAP measures to the relevant GAAP measures are provided in the appendix of this presentation.

Investment Highlights

Diversified Nitrogen Chemicals Business with differentiated end market positions

Operational improvements benefiting from over \$1 billion of investment and continued improvement in operating behavior

Increased production capacity to drive sales growth and margin improvement

Margin enhancement projects underway with expected increase in EBITDA of ~ \$7 million annually when fully complete

Opportunity to meaningfully reduce cost of capital in 2021

Renewable energy and carbon reduction play through the potential of blue/green ammonia production



WHO WE ARE

1968

- Founded by Jack Golsen in 1968 and grew as an industrial conglomerate focused on industrial products and climate control systems

1983

- Acquired El Dorado, AR manufacturing facility (“El Dorado”) from Monsanto

1999

- Acquired Cherokee, AL chemical manufacturing facility from La Roche Industries

2000

- Acquired Pryor, OK chemical manufacturing facility (“Pryor”) in a non-operating state

2010

- Re-started production out of Pryor to take advantage of low natural gas cost & high fertilizer selling prices

2013

- Completed offering of \$375 million of senior secured notes and commenced major expansion project at El Dorado

2015

- Completed structured finance transaction to provide funds to complete El Dorado expansion
- New nitric acid plants at El Dorado begin production

2016

- New ammonia plant at El Dorado begins production
- Climate Control Business divested for ~14X TTM EBITDA

2017

- Kicked off operational improvement and sales maximization initiatives

2019

- Current CEO and CFO assume their roles and advance operational improvement and sales maximization initiatives

2021

- Expect financial performance to benefit from strengthening end market trends and capital structure improvement



MARK BEHRMAN
President & Chief Executive Officer

President and CEO of LSB Industries since 2018. He joined the company in 2014 and served as Executive Vice President and CFO from 2015-2018. Prior to LSB, Mr. Behrman had over 25 years of financial and investment banking experience in the industrial, transportation and energy sectors.



CHERYL MAGUIRE
EVP & Chief Financial Officer

Joined LSB Industries in 2015 as the Vice President of Financial Planning and Accounting and was promoted to CFO in 2018. Ms. Maguire has over 20 years of experience in finance and accounting as it relates to the manufacturing and energy sectors.



JOHN BURNS
EVP, Manufacturing

Joined LSB in 2020 as Executive Vice President, Manufacturing with over 30 years of operating experience in petroleum refining and chemical manufacturing sectors, including 8 years of experience with nitrogen-based fertilizers and industrial feedstocks.



DAMIEN RENWICK
EVP, Chief Commercial Officer

Joined LSB in 2021 as Executive Vice President, Chief Commercial Officer with over 17 years of experience in the chemical industry, most recently with Houston-based Cyanco, the largest producer and distributor of sodium cyanide in the world.



MICHAEL FOSTER
EVP, General Counsel & Secretary

Joined LSB as General Counsel in 2016 with more than 30 years of legal experience. Prior to LSB, he most recently served as Senior Vice President, General Counsel and Secretary for Tronox (NYSE: TROX).

Strong Focus on Environmental, Social and Governance Issues



Environmental

- Installed control equipment to reduce nitrous oxide (N₂O, a greenhouse gas) emissions by 98% at our El Dorado Nitric Acid plant
- Capture and sell CO₂ byproducts for re-purpose, in lieu of releasing into the atmosphere
- Currently evaluating blue and green ammonia opportunities

Social

- Generated significant positive results with “Goal Zero” Health and Safety initiatives in 2020:
 - 58% decrease in recordable safety incidents in 2020
 - No recordable injuries associated with the manufacturing process in 2020
 - Pryor facility has operated over 1 year without a recordable safety incident

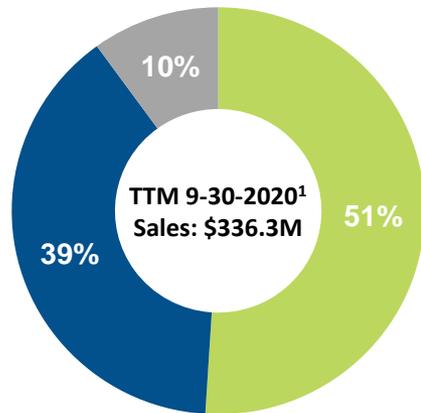
Governance

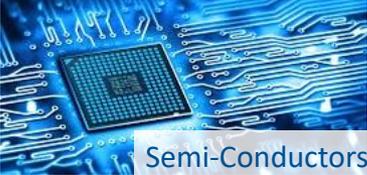
- Diverse and highly qualified Board of Directors and management team with compensation aligned with key stakeholders



WHAT WE DO

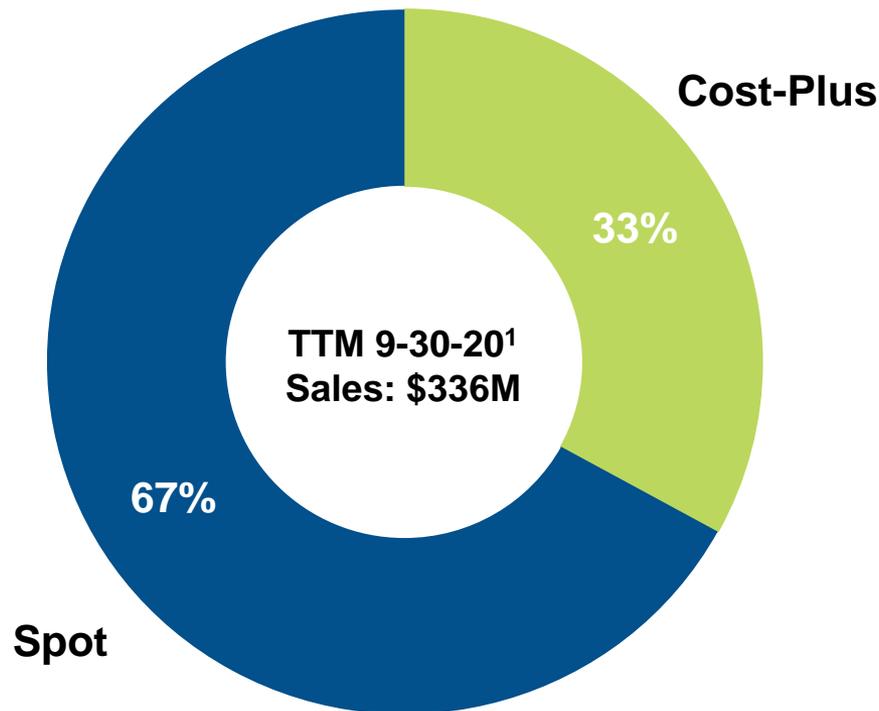
Diversified Nitrogen Chemicals Business with Differentiated End Market Positions



	Key Products	End Markets	Application
Agricultural	<ul style="list-style-type: none"> Urea ammonium nitrate solutions (UAN) Ammonium nitrate (AN) – High density prills Ammonia 	<ul style="list-style-type: none"> Fertilizer for corn and other crops Primary nitrogen component in nitrogen, phosphorus and potassium (NPK) fertilizer blends High nitrogen content fertilizer primarily used for corn 	 <p>Fertilizer</p>
Industrial	<ul style="list-style-type: none"> Ammonia Nitric Acid Sulfuric Acid Diesel exhaust fuel (DEF) CO₂ 	<ul style="list-style-type: none"> Power plant emissions abatement, water treatments, refrigerants, metals processing Semi-conductor, nylon polyurethane intermediates, ammonium nitrate Pulp and paper, aluminum, water treatment, metals and vanadium processing Exhaust steam additive to reduce NO_x emissions from diesel vehicles Food refrigeration / freezing, enhanced oil recovery 	 <p>Semi-Conductors</p>  <p>Power Plant Emissions</p>  <p>Water Treatment</p>
Mining	<ul style="list-style-type: none"> Ammonium nitrate – low density prills and AN solutions Specialty E2 ammonium nitrate 	<ul style="list-style-type: none"> Specialty emulsions for mining applications Surface mining, quarries, construction 	 <p>Mining</p>

Sales Mix Provides Stability and Visibility Into Contract Pricing

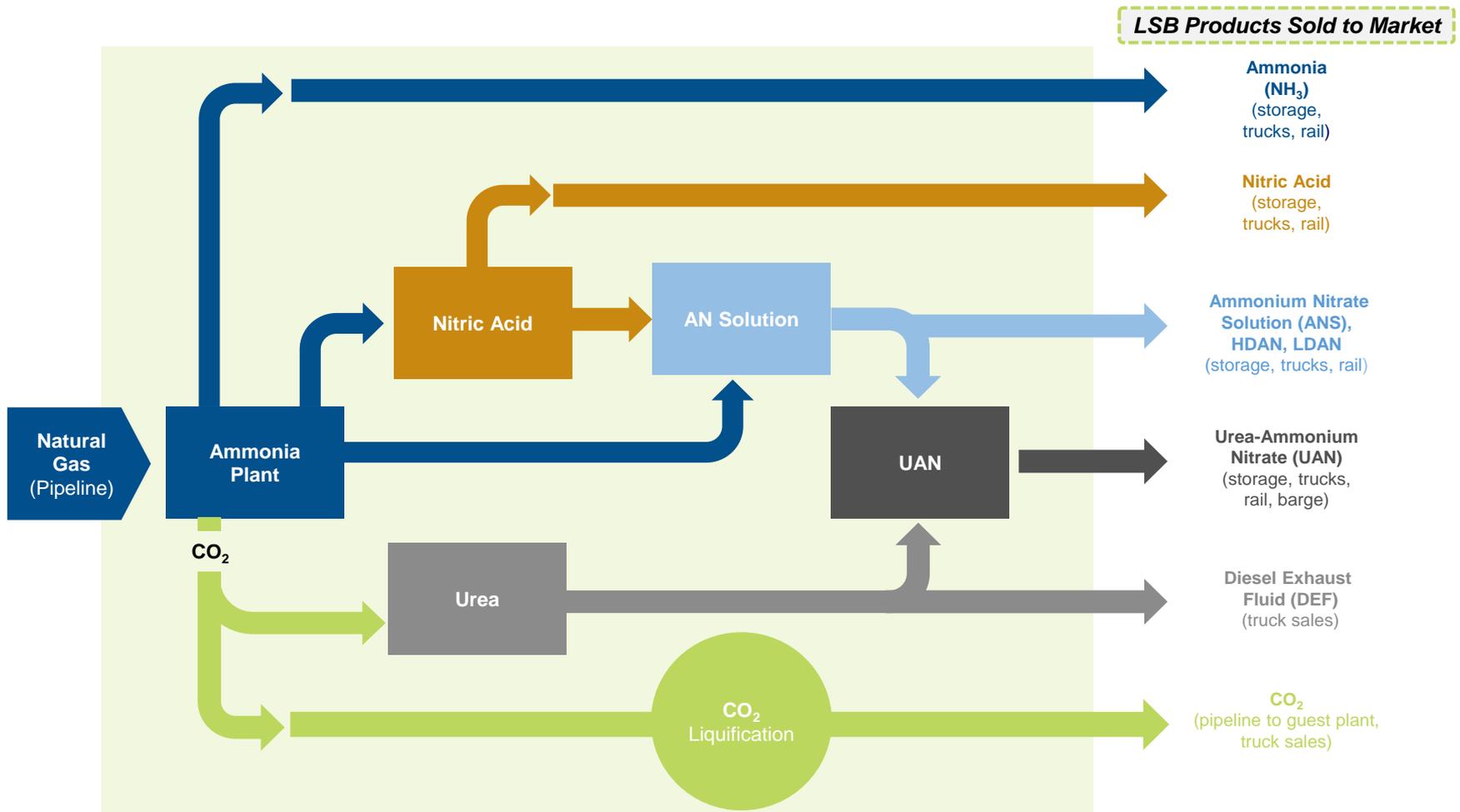
Q3-2020 TTM Sales by Pricing Method



- Approximately 33% of sales non-seasonal and priced pursuant to contract agreements
- Contributes to margin stability through pass-through of raw materials and other manufacturing costs
- Positioned to take advantage of cash flow stability and upside opportunities in commodity driven markets
- Approximately 43% of sales contracts tied to benchmark Ammonia pricing

1. See slide 25 for TTM revenue reconciliation

Upgrading Low-Cost Feedstock to Margin Enhancing Chemicals



Products are marketable at nearly every stage of the process, allowing for efficient adjustments to product mix to capture value opportunities

MARKET OUTLOOK

Agricultural Market Overview

- Significant increase in commodity prices since Q3 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 and supply
- Expected 90-92 million acres of corn planted in U.S. in 2021
- Corn trading near \$5.50/bushel, a 79% increase from 2020 lows
- Price recovery for most fertilizer products from Summer lows



Industrial Market Overview

- Automotive industry halted production mid-March but has since resumed production near pre-pandemic levels. 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.

US Light Vehicle Sales – SAAR (thousands)



US Housing Starts (thousands)

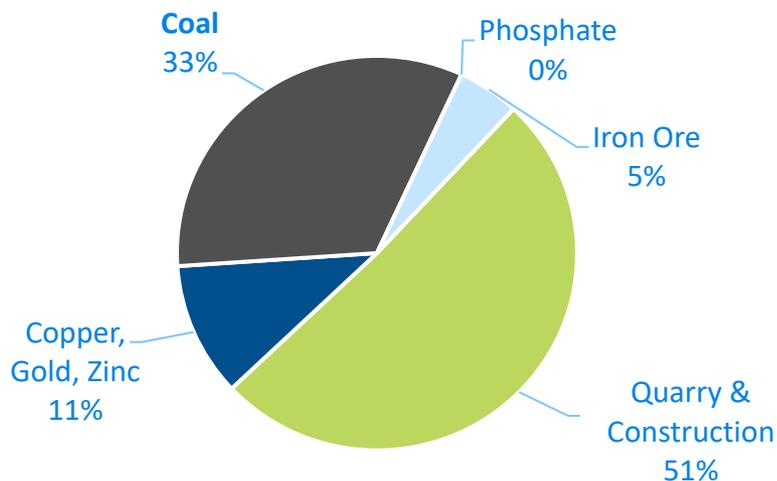


Mining Market Overview

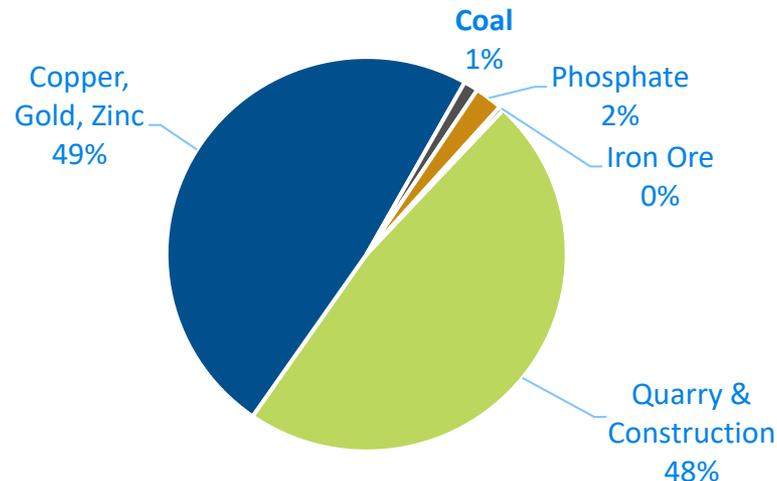
- Increase in precious metals commodity prices driving increasing mining activity. Copper prices are rising, reaching \$3.55 per pound on February 1st, the highest price since February 2013, partially driven by demand for electric vehicles.
- Quarry and construction business strong, with aggregates for residential construction a large driver.
- Diversification away from coal continues to be a focus (33% of LSB sales volumes in 2016 vs 1% of LSB sales volumes in 2020).

LSB Industries Mining Product Sales by End-Market

2016



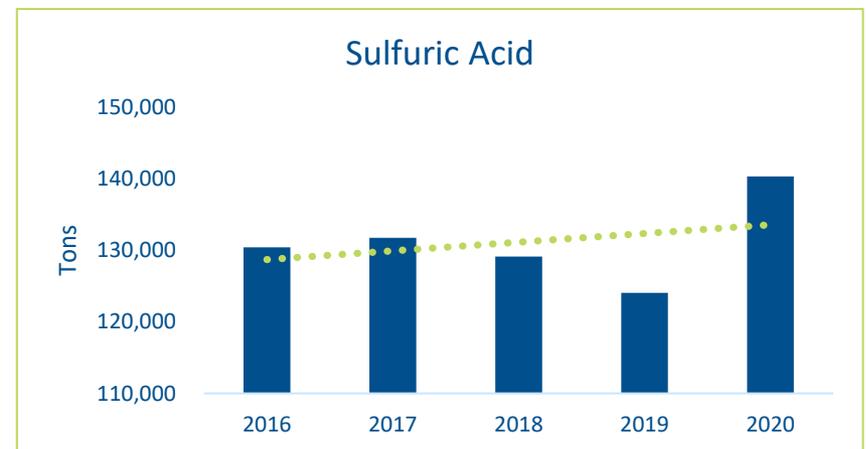
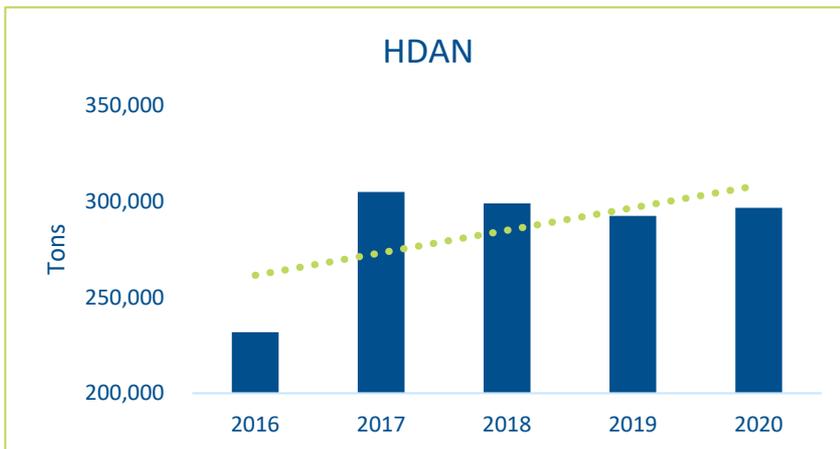
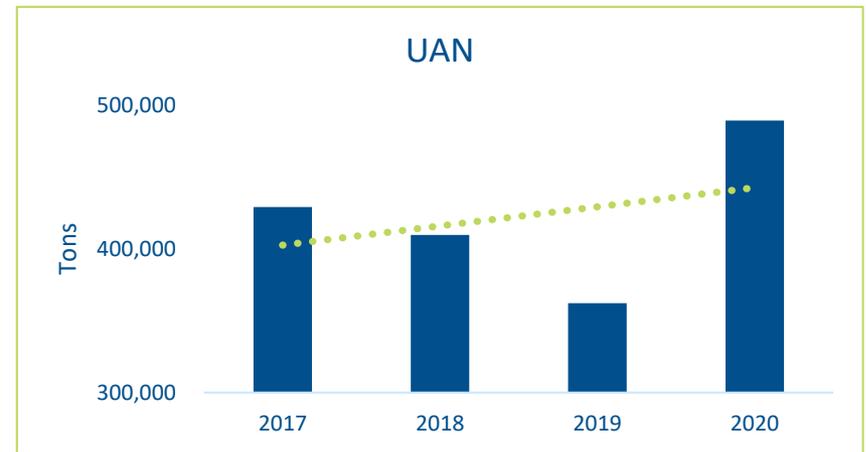
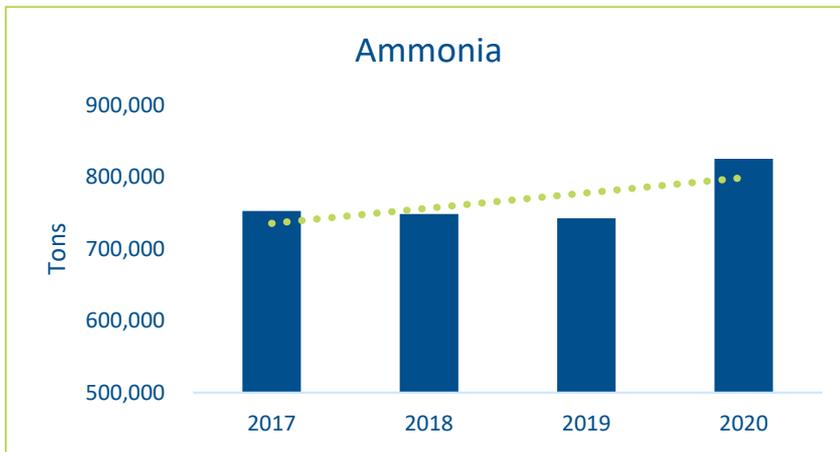
2020





OPERATIONAL & FINANCIAL PERFORMANCE

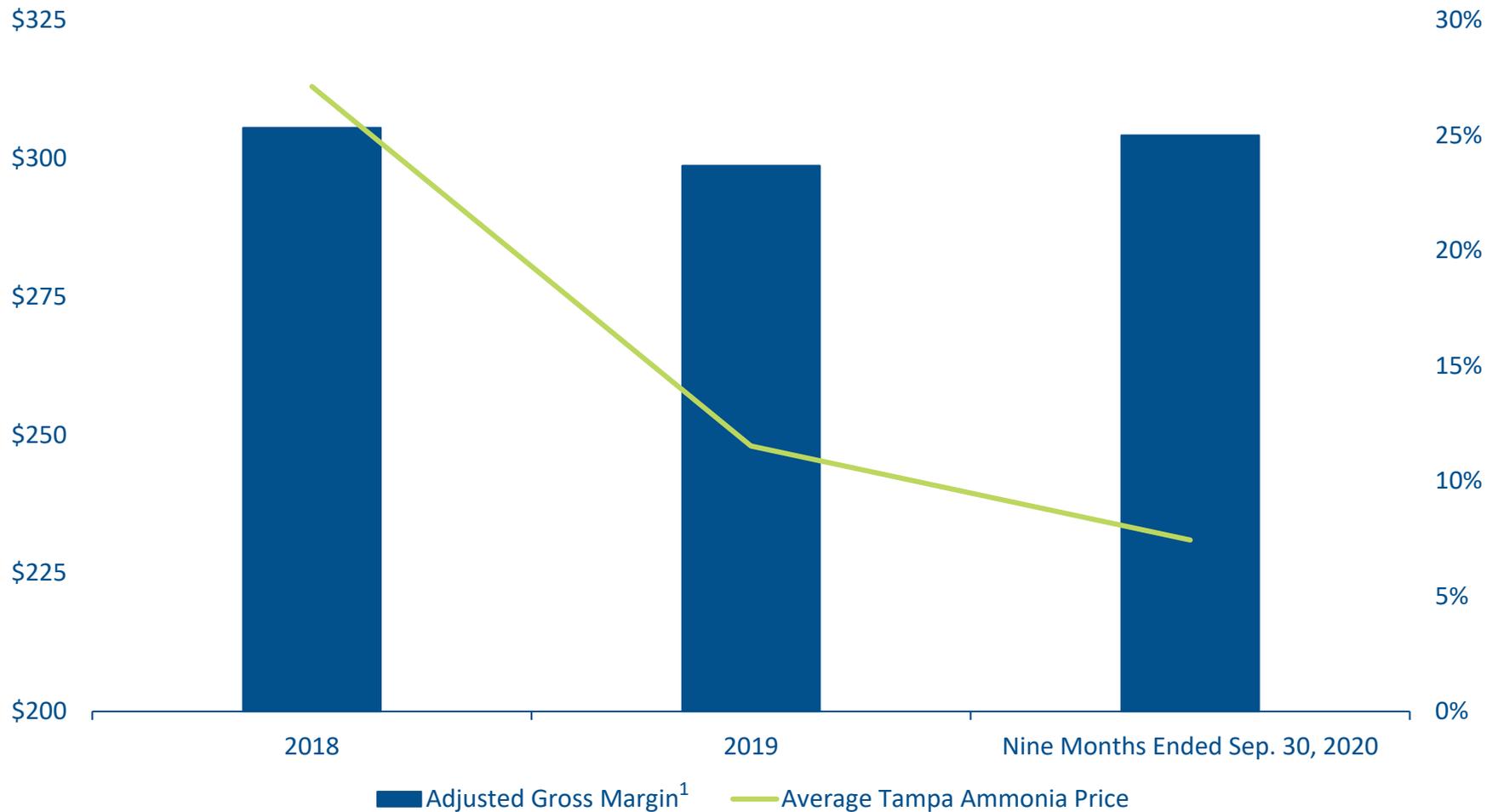
Investment in Facilities Drives Production Volume Improvement



Last twelve-month production volumes for Ammonia and UAN reach record levels

1. 2020 represents January – September actual production tons and Q4 forecast production tons. Prior years represent actual production tons.

Adjusted Gross Margin Remains Stable as Operating Gains Offset Lower Pricing



1. See slide 26 for adjusted gross margin reconciliation

Pursuing Margin Enhancing Business Development Opportunities



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

- New 7-year contract for annual sales of 70,000 – 100,000 tons of Nitric Acid kicked off in Q1 2021
- New contract awards in LDAN and sulfuric acid drive increased volumes
- Geographic expansion into markets outside the United States (Mexico and Canada)
- Added storage allows maximum production capacity utilization and positioning of product

What is Blue and Green Ammonia?

Blue Ammonia

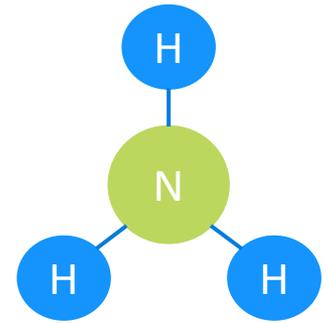
- Ammonia production with the addition of Carbon Capture and Storage (CCS) to sequester the carbon dioxide generated.

Green Ammonia

- Ammonia produced using renewable feedstock, specifically nitrogen extracted from air and hydrogen from water, rather than natural gas or coal, resulting in a zero CO2 emission process.

Applications

- Clean Energy Storage
- Zero-Carbon Fuel
- Hydrogen Carrier
- Green Fertilizer



Ammonia's potential as an energy carrier raises demand for blue and green ammonia to multiple billion tons per year.¹

- Ammonia is already being considered by the maritime shipping industry as an energy source to meet CO2 reduction goals by 2030.

As an existing ammonia producer, LSB is well positioned to lever its assets and knowledge to capitalize on potential blue and green ammonia opportunities.

- Significant ammonia production capacity in place along with storage, and distribution infrastructure.

1. Per Argus Media



CAPITALIZATION

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

- \$259.8 million at 14%
- Callable at par
- First put date October 2023

Opportunities to Improve Capital Structure

- Actively pursuing refinancing opportunities
 - Favorable fertilizer market trends and continued recovery of industrial demand exiting pandemic
 - Improving financial results
 - Issuer friendly credit market environment
- Pending legal action against EPC contractor for El Dorado expansion
 - Seeking over \$100M in damages



Contact Us

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COMPANY REPRESENTATIVE

Cheryl Maguire
Chief Financial Officer
LSB Industries, Inc.

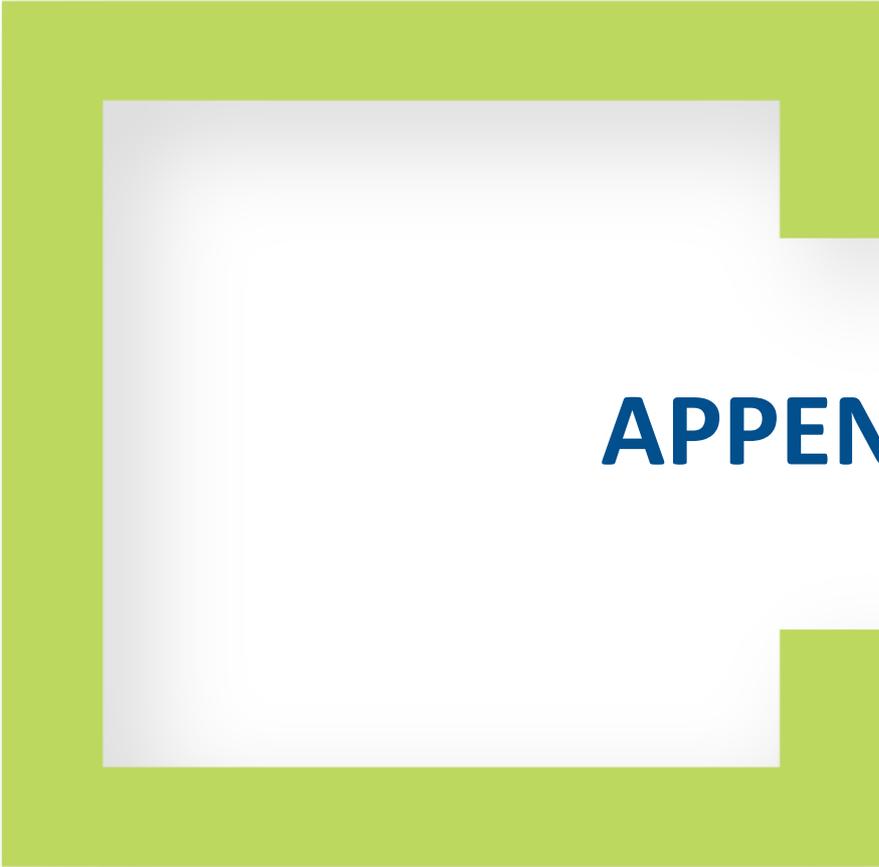
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APPENDIX

Trailing Twelve Month (TTM) Net Sales Reconciliation

Quarter Ended	Reported Net Sales (Thousands)
December 31, 2019	\$73,896
March 31, 2020	\$83,411
June 30, 2020	\$105,033
September 30, 2020	\$73,969
TTM 9/30/20	\$336,309

Gross Profit Reconciliation

LSB Consolidated (\$ In Thousands)	Nine Months Ended	Twelve Months Ended	
	September 30,	December 31,	
	2020	2019	2018
Net sales			
Agricultural	\$138,441	\$187,641	\$187,164
Industrial and Mining	123,972	177,429	190,996
Total net sales	\$262,413	\$365,070	\$378,160
Gross Profit			
Agricultural ⁽¹⁾	20,750	28,453	21,406
Industrial and Mining ⁽¹⁾	46,043	58,005	74,381
Adjusted gross profit by market ⁽¹⁾	\$66,793	\$86,458	\$95,787
Depreciation and amortization ⁽²⁾	(51,899)	(68,263)	(70,184)
Turnaround expense	(45)	(13,210)	(9,768)
Vendor Settlements	5,664	-	-
Total gross profit (loss)	\$20,513	\$4,985	\$15,835
Gross Profit Margin			
Agricultural ⁽³⁾	15%	15%	11%
Industrial and Mining ⁽³⁾	37%	33%	39%
Adjusted gross profit margin by market ⁽³⁾	25%	24%	25%
Total gross profit margin ⁽³⁾	8%	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.