First Quarter 2017 Update

April 25, 2017

Agenda

Overview

- Dan Greenwell, President and Chief Executive Officer

Operations Review

- John Diesch, Executive Vice President, Chemical Manufacturing

Financial Review

- Mark Behrman, Executive 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 additions for 2017; reduction of SG&A expenses; and volume outlook.

- 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, 2016 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 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.

First Quarter 2017 Operating and Financial Overview

First quarter operating results

- Net sales from continuing operations of $123.3 million for the first quarter of 2017, an increase of $24.4 million, from $98.9 million for the first quarter of 2016 driven by increased sales volumes

- Adjusted EBITDA from continuing operations of $20.0 million for the first quarter of 2017, an increase of $11.7 million, from $8.3 million for the first quarter of 2016 driven by increased sales volumes, improved absorption of fixed costs, and lower plant costs

Operational updates

- Cherokee and Pryor ammonia on-stream rates of 99% and 96%, respectively

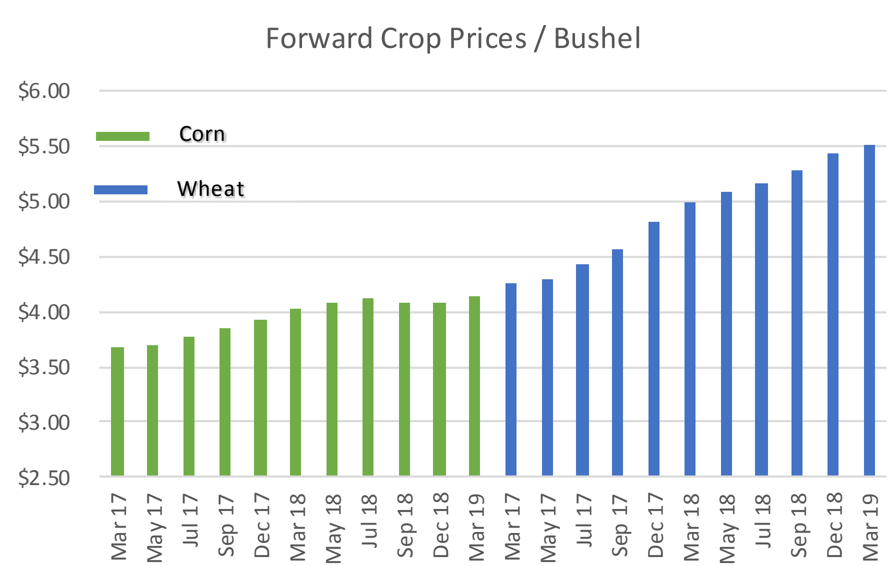
- EDC ammonia on-stream of 90% for the quarter, achieving 100% on-stream in the month of March

- EDC ammonia plant operating above 1,300 tons per day vs. nameplate capacity of 1,150 tons per day

Market Outlook

Agricultural

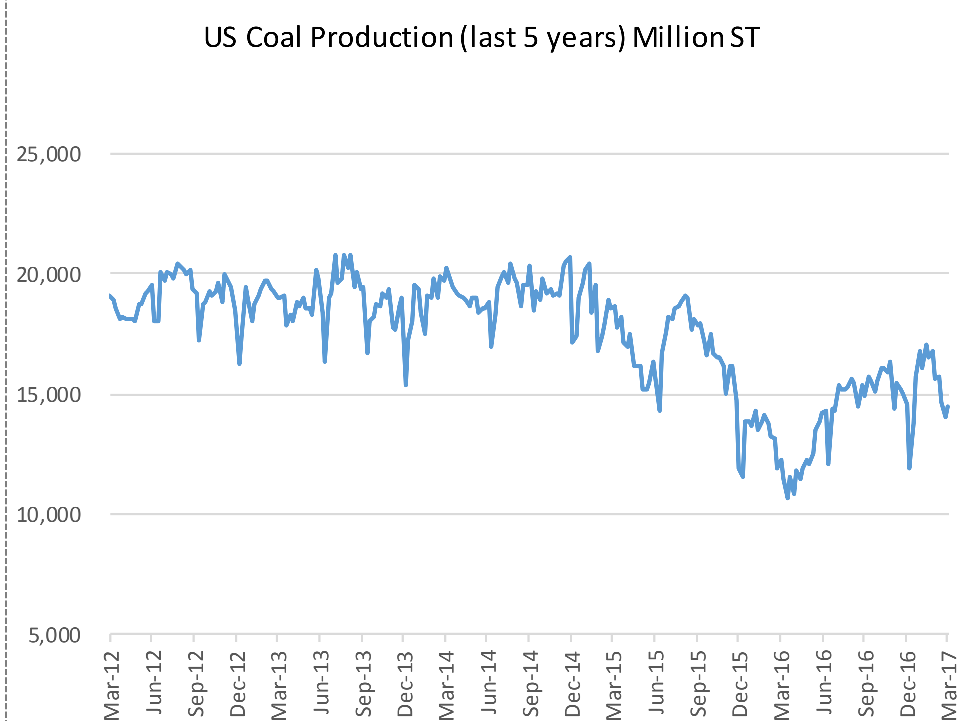
- Improvement in fertilizer pricing demand ahead of typical spring season.
- Natural gas feedstock costs expected to remain relatively low.
- Increasing fertilizer/ammonia exports.
- Planted corn acreage of ~90 million in 2017 (vs. 94 million in 2016) will reduce fertilizer demand but reduce corn stocks.
- Corn prices projected to stay below ~$4.00/bushel range over the next 9 months, but over $4.00/bushel thereafter.
- Nitrogen capacity expansion in North America coupled with increased Urea and UAN imports.



Industrial and Mining

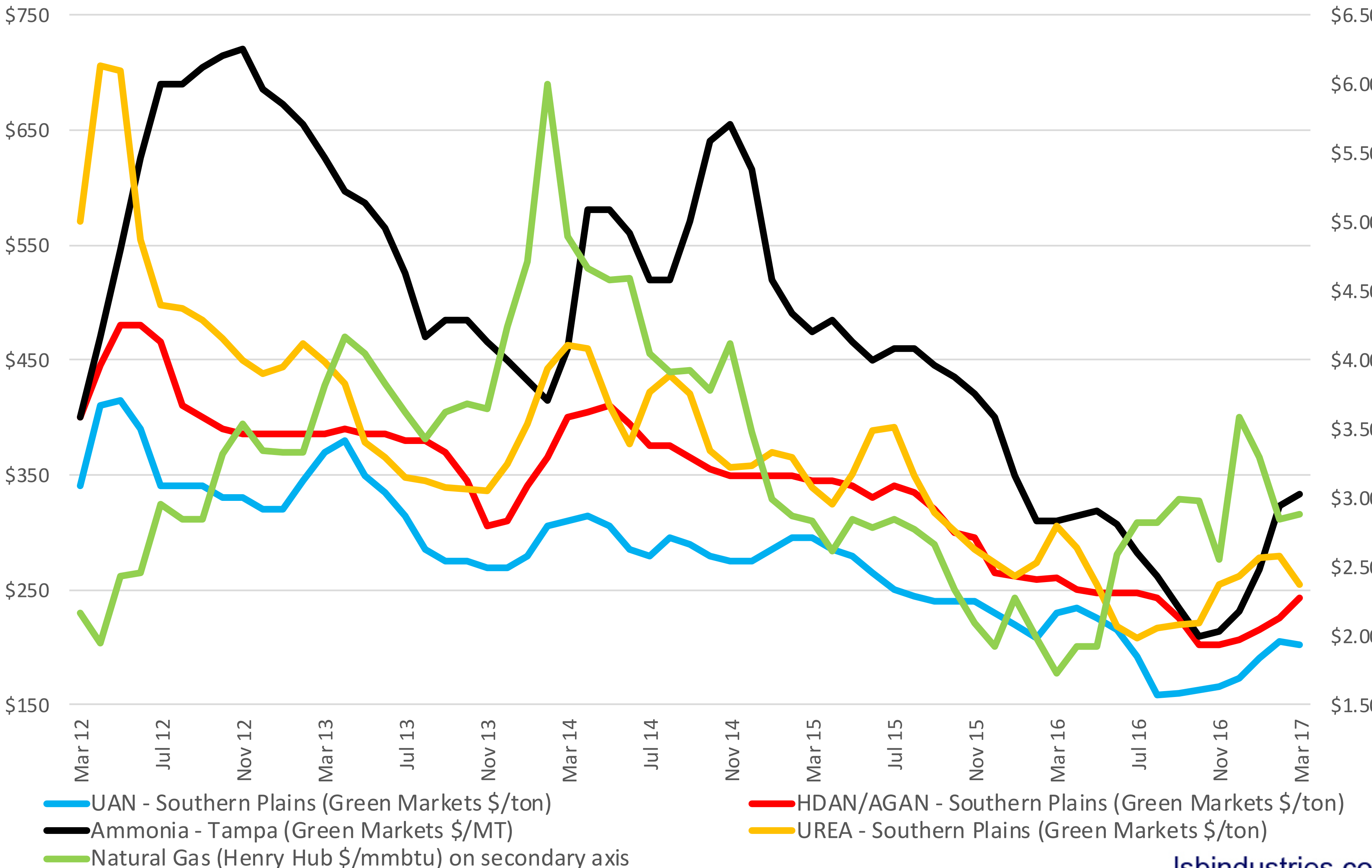
Industrial market – Trending slightly up in 2017. The auto and housing markets continue to look good for the coming year.

Mining market – Coal Update:
EIA expects growth in coal-fired electricity generation to contribute to a 4% increase in coal production in 2017. Coal production is expected to increase by 2% in 2018.



Sources: Corn Prices – Chicago Board of Trade 04-11-17 close; Wheat prices – Kansas City Board of Trade 04-11-17 close; US Coal Production – eia.gov historical data files

Chemical Commodities Feedstock & End Products 5-year Price Trend



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Agricultural Chemicals –
Attractive Medium to Long-Term Industry Fundamentals

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World situation

- Growing populations
- Developing economies
- Changing dietary habits (from grain to meat)
- Rebalancing global ammonia trade routes

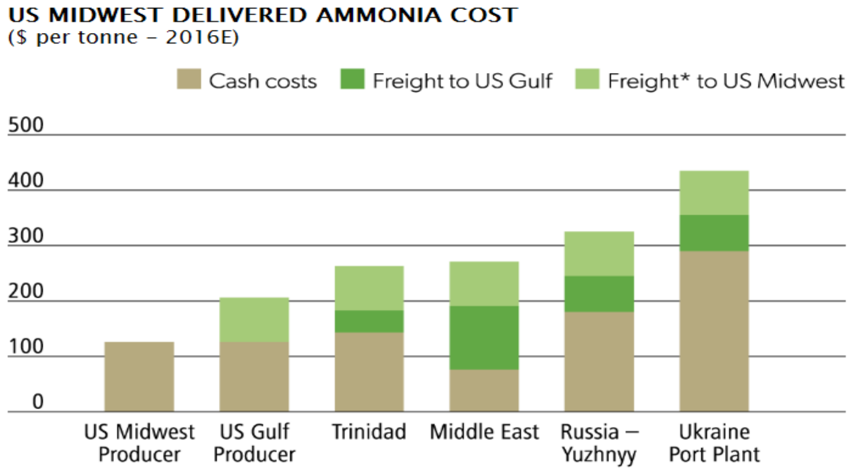
North American situation

- World grain usage continues to increase annually
- USDA stated an ~4% decrease in corn acres planted in 2017 versus 2016
- U.S. grain stocks are at high levels leading to lower current corn prices
- Current corn exports are at high levels resulting in reduced stock ratios

North America is low cost producer of nitrogen fertilizers

- Natural gas is the primary feedstock for ammonia and all nitrogen fertilizers
- Due to large shale gas reserves, U.S. has relatively low natural gas prices vs. most places worldwide
- Projected Henry Hub natural gas is expected to average around $3.00/mmbtu in 2017

U.S. Midwest delivered ammonia cost estimated $160/metric ton advantage over imports



* Includes related handling costs
Source: Fertecon, PotashCorp

Operational Review

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Operational Review

EL Dorado Ammonia

Current Status: Ammonia plant currently operating at full rate

Going Forward:

- Heat exchanger replacements
- Optimize cost control and ensure the plant is on-stream 95%+
- Consistently produce at 1,275-1,350 tons / day
- No planned turnaround scheduled in 2017

Pryor

Current Status: All plant operations currently at full rates

Going Forward:

- Focus on reliability and maintain high on-stream rates (90%-95%)
- Started design of new urea reactor
- Turnaround scheduled for 21 days during Q4

El Dorado Nitric Acid

Current Status: Nitric acid plant is currently operating at full rate

Going Forward:

- Working with technology provider and sub-contractor to modify design and fabricate new N2O vessel – design complete; going out for bids
- We expect costs associated with the by-pass system and all repairs related to the nitric acid plant to be covered under warranty
- Efficiency improvement evaluation of expander turbine covered under warranty
- Focus on reliability and ensure plant is repaired in a timely manner

Cherokee

Current Status: All plant operations currently at full rates

Going Forward:

- Focus on reliability and maintain high on-stream rates (95%)+
- No planned turnaround scheduled in 2017

Baytown

Current Status: Plant operations currently at full rates

Financial Review

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LSB Consolidated Financial Highlights

First Quarter 2017

($ In Millions, Except EPS)	Three Months Ended March 31, 2017	2016	Change
Net sales	**$123.3**	**$98.9**	**$24.4**
Gross profit (loss)	**$11.6**	**($6.2)**	**$17.8**
% of net sales	*9.4%*	*-6.3%*	*15.7%*
Selling, general and administrative expense	**$10.5**	**$10.9**	**($0.4)**
% of net sales	*8.5%*	*11.0%*	*-2.5%*
Operating income (loss)	**$2.3**	**($17.3)**	**$19.6**
% of net sales	*1.9%*	*-17.5%*	*19.4%*
Income from discontinued operations, net of taxes	**$0.0**	**$0.8**	**($0.8)**
Net loss	**($6.0)**	**($14.9)**	**$8.9**
% of net sales	*-4.9%*	*-15.1%*	*10.2%*
Diluted EPS	**(0.48)**	**(1.11)**	**$0.63**
EBITDA (1)	**$19.7**	**($8.1)**	**$27.8**
Adjusted EBITDA (1)	**$20.0**	**$8.3**	**$11.7**

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

First Quarter Actuals – Current Year vs. Previous Year

($ In Millions)

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	Q1 2017	Q1 2016		
Total Consolidated Adjusted EBITDA	**$20.0**	**$8.3**		

		Normalized
Q1 2016	**$8.3**	$8.3
Net Sales Price Impact	(12.7)	-
Net Sales Volume Impact	17.9	17.9
<u>Other Cost</u>		
EDC lower cost of make vs. buy	6.5	6.5
Q1 2017	**$20.0**	
Normalized Q1 2017		**$32.7**[1]

(1) Assumes pricing environment consistent with Q1 of 2016

Capital Structure

$ In Millions	3/31/17
Cash	**$ 45.0**
Senior Secured Notes	375.0
Working Capital Revolver ($44.9 mm of availability at 3/31/17)	-
Other Debt	49.2
Unamortized Discount and Debt Issuance Costs	(6.9)
Total Long-Term Debt, Including Current Portion, net	**$ 417.3**
Series E and F Redeemable Preferred Stock ($167.3 million liquidation preference including accrued dividends)	**$ 152.2**
Total Stockholders' Equity	**$ 481.6**

Key Information:

Senior Secured Notes

- $375 million at 8.5%
- Due August 2019
- Call Premium 103.875 until 8/17; 101.9 thereafter

Working Capital Revolver

- $50 million (Prime + 50 bps)
- Expires January 2022

Free Cash Flow

$ In Millions	Three Months Ended March 31, 2017	2016	Change
Net Loss	**$ (6.0)**	**$ (14.9)**	**$ 8.9**
Income from discontinued operations, net of taxes	-	(0.8)	0.8
Depreciation, Depletion and Amortization (PP&E)	17.1	10.6	6.5
Change in Working Capital and Other (1)	(3.3)	16.8	(20.1)
Net Cash provided by Continuing Operating Activities	**$ 7.8**	**$ 11.7**	**$ (3.9)**
Capital Expenditures (PP&E)	(13.9)	(104.1)	90.2
Free Cash Flow from Operations (2)	**$ (6.1)**	**$ (92.4)**	**$ 86.3**
Net cash provided (used) by financing	(8.1)	3.9	(12.0)
Free Cash Flow from Discontinued Operations (2)			
Net cash provided (used) by discontinued operations	(1.3)	0.8	(2.1)
Other	0.5	(0.2)	0.7
Change in Cash and Cash Equivalents	**$ (15.0)**	**$ (87.9)**	**$ 72.9**

(1) Working capital and other includes changes in accounts receivable, inventory, prepaids, accounts payable, accrued liabilities, customer deposits, and deferred taxes.
(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.

Focus for 2017

- Achieve an average on-stream rate of 95% for our ammonia plants
  - Reduce unplanned downtime at all our facilities

- Broaden the distribution of our AN products
  - Building AN storage domes at EDC and reopening distribution facilities at Cherokee and Pryor

- Cost reduction and expense control
  - Continued realignment of corporate structure
  - Reduced plant expenses
  - Rationalize and reduce freight costs

Appendix

Consolidated EBITDA

Sensitivity Analysis (*$ In Millions*)

Significant Earnings Power at Optimal Operating Rates

Tampa Ammonia price per MT	Natural Gas Price per mmbtu				
	$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

Key factors in model above:

- 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 expense)
- 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

EBITDA Reconciliation

LSB Consolidated ($ In Millions)	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Net loss:	**($6.0)**	**($14.9)**
Plus:		
Interest expense	9.4	1.4
Depreciation and amortization	17.6	11.0
Benefit for income taxes	(1.3)	(4.8)
Income from discontinued operations	-	(0.8)
EBITDA (1)	**$19.7**	**($8.1)**
Consulting Fee - Negotiated Property tax savings at El Dorado	-	12.1
Stock based compensation	1.2	0.9
Start-up/ Commissioning costs at El Dorado	-	1.3
Derecognition of death benefit accrual	(1.4)	-
Loss on sale or disposal of assets	0.5	-
Fair market value adjustment on preferred stock embedded derivatives	-	2.5
Delaware unclaimed property liability	-	0.3
Life insurance recovery	-	(0.7)
Adjusted EBITDA (2)	**$20.0**	**$8.3**

(1) EBITDA is defined as net income (loss) plus interest expense, provision for impairment, depreciation, depletion and amortization of property plant and equipment (which includes amortization of other assets and excludes interest included in amortization), less benefit for income taxes and income from discontinued operations, net of 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 table above provides a reconciliation of net income (loss) to EBITDA for the periods indicated.

(2) Adjusted EBITDA is reported to show the impact of a one-time consulting fee, start-up/commissioning costs, derecognition of a death benefit accrual, certain fair market value adjustments, non-cash stock based compensation, Delaware unclaimed property liability, and life insurance recovery. We believe that the inclusion of supplementary adjustments to EBITDA is appropriate to provide additional information to investors about certain items. The table above provide reconciliations of EBITDA excluding the impact of the supplementary adjustments.