LSB INDUSTRIES

First Quarter 2018 Update

April 26, 2018

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

First Quarter 2018 Highlights

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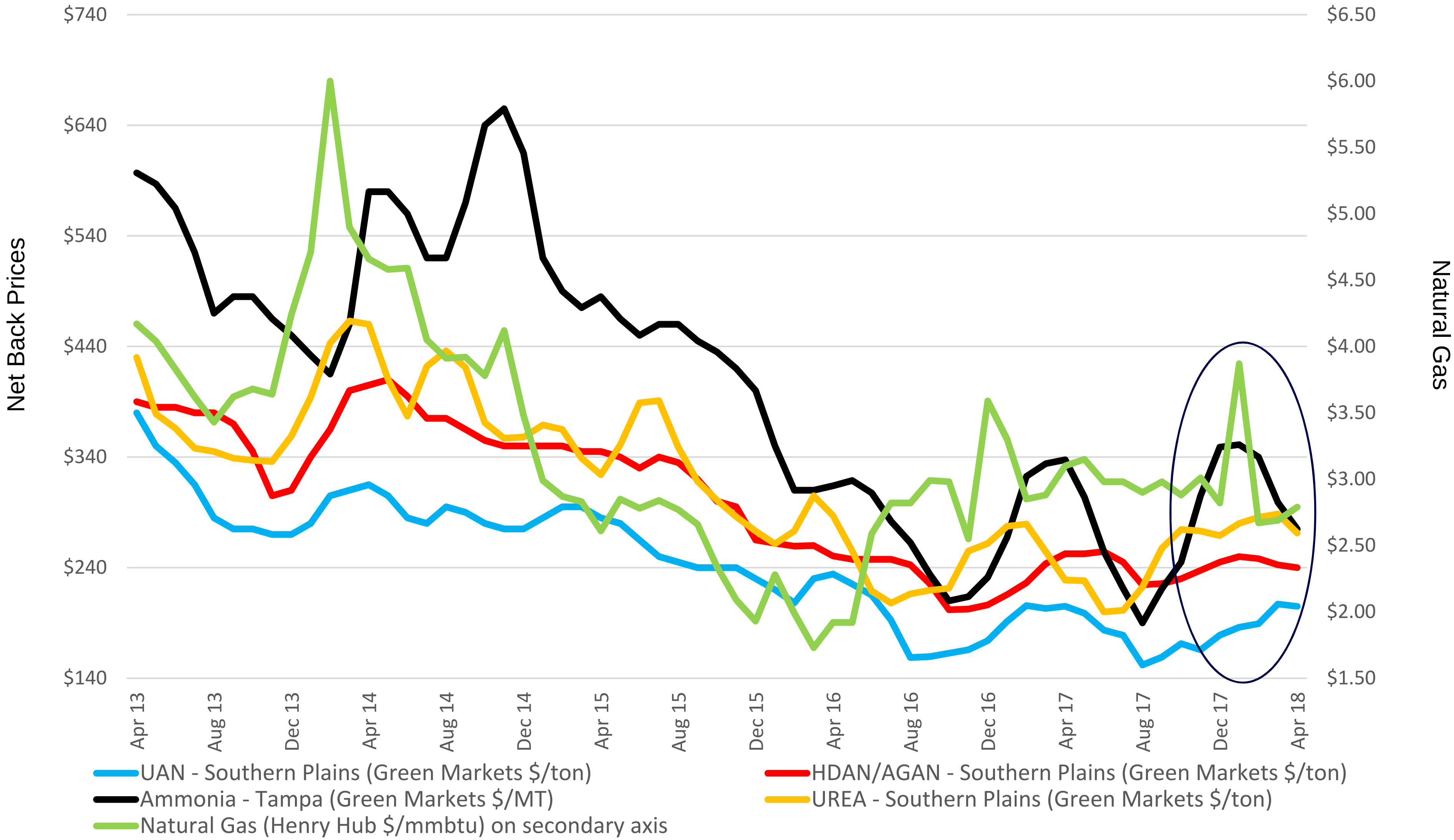
- Adjusted EBITDA of $21.7 million for the first quarter of 2018, an increase of $3.4 million or 18.6% excluding businesses sold in the second quarter of 2017
- Improved ammonia on-stream rates with average of ~ 94% for Q1 2018
  - El Dorado achieves record ammonia on-stream rate of 100% for Q1 2018
  - Pryor ammonia on-stream rate improves to 91% for Q1 2018
- On track with…
  - Expediting the enhancement and use of our maintenance management system – Q2 2018
  - Centralizing and expanding our Company wide procurement efforts – Q2 2018
  - Overall reliability study to enhance our reliability improvement plan for Pryor – Q2 2018
- Successful refinancing of our existing Senior Secured Notes completed last week; greater financial flexibility in executing our strategy to deliver increased value for shareholders
- Extended the first put date on Preferred Stock to 2023

Chemical Commodities
Feedstock & End Products 5-year Price Trend



Market Outlook

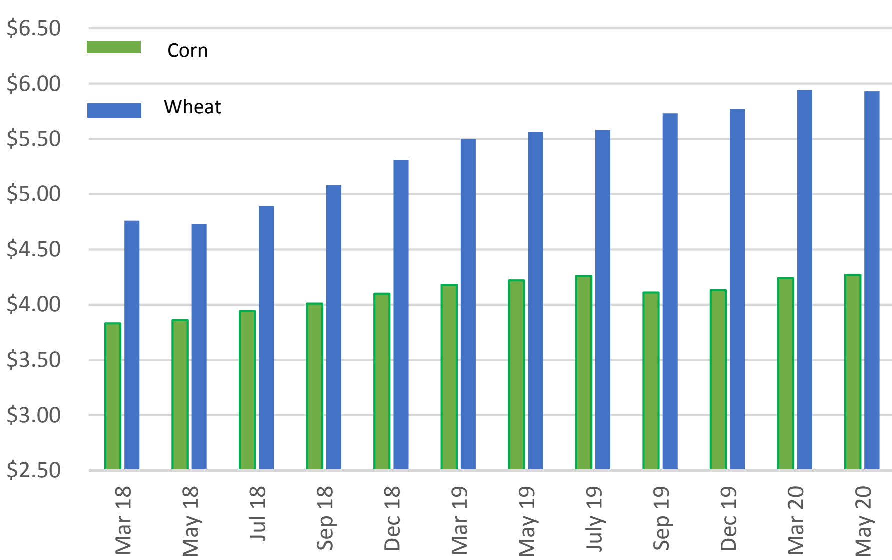
Agricultural

Nitrogen prices showing signs of recovery despite continued pressure on farmers from continued low crop prices

- Lack of product going to the field due to wet, cold spring hampering pre-plant applications and delaying corn planting
- Urea and UAN net exports up 2.4 million tons and 730,000 tons in the period July 2017 – February 2018
- Corn prices average ~ $4.00/bushel over next 12 months

US Nitrogen capacity expansion added additional supply and is currently rebalancing distribution channels

Forward Crop Prices / Bushel

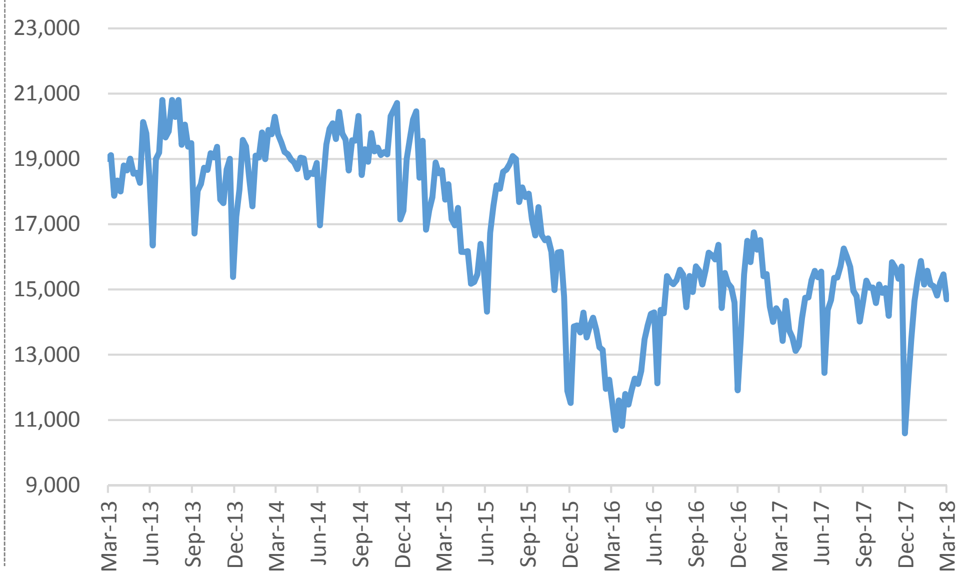


Industrial and Mining

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

Mining market – Coal Update:
The Energy Information Administration (EIA) is forecasting ~ 4.6% decrease in U.S. coal production in 2018 and another ~ 1.3% decrease in 2019. Coal consumption is also expected to decline over the next two years due to low natural gas prices reducing demand for coal for coal-fired electricity generation (down 4% in 2018)

US Coal Production (last 5 years) Million Short Ton



Sources: Corn Prices – Chicago Board of Trade 4-13-18 close; Wheat prices – Kansas City Board of Trade 4-13-18 close; US Coal Production – eia.gov historical data files

Operational Review

lsbindustries.com

Operational Review

El Dorado

- Ammonia plant on-stream rate of 100%
- Producing at 1,300 – 1,350 tons / day
- Planning for turnaround September 2018 (Moving from 25 days to 12 days)

Cherokee

- Ammonia on-stream rate of 85%
- Downtime to make repairs around primary reformer and upgrade controls
- Planning for turnaround July/August 2018

Pryor

- Ammonia plant on-stream rate of 91%
- Outage for compressor repairs
- Engineering risk assessment of Ammonia and Urea plant by Black & Veatch
- New urea reactor being built by Stamicarbon; delivery in Q4 2018
- Engineering for process control automation underway
- No planned turnaround in 2018

Baytown

- Plant operating at full rates

Maintenance Management System Enhancement

- Implementation will be complete by midyear
- Commonality of platform across all plants / data driven
- KPI measurements / targeted improvements
- Mechanical integrity program improvements
- Preventive and predictive maintenance / precision maintenance

Focus on Pryor

BD Energy Ammonia Plant Assessment

- Process Evaluation for the Ammonia plant
- Heat and material balance
- Improve performance, reliability and efficiency
- Study to be completed by midyear

Black & Veatch Full Facility Assessment

- Risk review of mechanical and electrical reliability issues for entire facility
- Draft study is complete / follow up actions underway
- No surprises / confirms internal assessments

Financial Review

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LSB Consolidated Financial Highlights

First Quarter 2018

($ In Millions, Except EPS)	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017	Change
Net sales	**$100.5**	**$123.3**[1]	**($22.8)**
Gross profit	**$10.1**	**$11.6**	**($1.5)**
% of net sales	*10.0%*	*9.4%*	*0.6%*
Selling, general and administrative expense	**$8.3**	**$10.5**	**($2.2)**
% of net sales	*8.3%*	*8.5%*	*-0.2%*
Operating income	**$1.9**	**$2.3**	**($0.4)**
% of net sales	*1.9%*	*1.9%*	*0.0%*
Interest expense, net	**$9.3**	**$9.4**	**($0.1)**
Non-operating other expense (income), net	**($0.9)**	**$0.2**	**($1.1)**
Loss before benefit for income taxes	**($6.5)**	**($7.3)**	**$0.8**
Benefit for income taxes	**($0.9)**	**($1.3)**	**$0.4**
Net loss	**($5.6)**	**($6.0)**	**$0.4**
% of net sales	*-5.6%*	*-4.9%*	*-0.7%*
Diluted EPS	**($0.49)**	**($0.48)**	**($0.01)**
EBITDA [2]	**$21.1**	**$19.7**	**$1.4**
Adjusted EBITDA [2]	**$21.7**	**$20.0**	**$1.7**
Adjusted EBITDA excluding businesses sold in 2017 [2]	**$21.7**	**$18.3**	**$3.4**

(1) Due to the January 1, 2018 adoption of ASC 606, Revenue from Contracts with Customers ("ASC 606"), certain industrial sales and associated cost of sales are no longer recognized. Since we adopted ASC 606 using the "modified retrospective" method, the prior periods were not restated. If we had applied ASC 606 to these specific arrangements during the first quarter of 2017, net sales for these products would have been reduced by approximately $17.7 million. ASC 606 had no net impact on operating income. Additionally, 2017 net sales includes approximately $3.5 million of revenue associated with business sold later in 2017.
(2) Refer to Appendix for reconciliation of EBITDA and Adjusted EBITDA.

UAN Volume Comparison

First Quarter – 2018 vs. 2017

($ In Millions)

	Q1 2018	Q1 2017	
Total Consolidated Adjusted EBITDA	**$21.7**	**$20.0**	

			Normalized
2017		**$20.0**	
EBITDA from businesses sold in 2017		(1.7)	
	Comparative 2017	$18.3	$ 18.3
Higher selling prices		6.5	6.5
Lower realized UAN price / carry over of fourth quarter 2017 pricing		(2.2)	-
Lower natural gas cost		2.6	2.6
Lower sales volumes		(2.9)	(2.9)
Non recurring / operational consultants		(1.3)	-
Lower SG&A and other		0.7	0.7
2018		**$21.7**	**$25.2**

Illustrative EBITDA Impact Associated with Changes in Product & Feedstock Pricing

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(Based on 2018 Volumes)

	Q2 2017 Actual Average Pricing	Change		FY EBITDA Impact
UAN[1]	$156 / ST	$10.00	+/-	$4.8mm
HDAN[1]	$224 / ST	$10.00	+/-	$3.0mm
Tampa Ammonia[1]	$300 / MT	$10.00	+/-	$3.8mm
Illustrative Impact from $10/ton change			+/-	~**$11.6mm**
Natural Gas ($/MMBtu)	$3.09 / 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.

Capital Structure

$ In Millions	3/31/18	Proforma 4/25/18
Senior Secured Notes	375.0	400.0
Working Capital Revolver ($46.3 mm of availability at 3/31/18)	-	-
Other Debt	37.5	37.5
Unamortized Discount and Debt Issuance Costs	(4.0)	(4.0) (1)
Total Long-Term Debt, Including Current Portion, net	**$ 408.5**	**$ 433.5**
Series E and F Redeemable Preferred Stock ($191.6 million liquidation preference including accrued dividends)	**$ 182.9**	**$ 182.9**
Total Stockholders' Equity	**$ 425.9**	**$ 425.9** (1)

(1) Impact of new debt issuance costs and impact to equity to be updated and reflected in Q2.

Key Information:

Senior Secured Notes
- $400 million at 9.625%
- Due May 2023

Redeemable Preferred Stock

$192 million @ 14%

First put date October 2023

Working Capital Revolver
- $50 million (Prime + 50 bps)
- Expires January 2022
- No borrowings at March 31, 2018

Free Cash Flow

$ In Millions	Three Months Ended March 31, 2018	2017	Change
Net loss	**$ (5.6)**	**$ (6.0)**	**$ 0.4**
Depreciation, depletion and amortization	18.3	17.6	0.7
Deferred income taxes (benefit)	(0.9)	(1.2)	0.3
Stock based compensation	1.4	1.2	0.2
Change in Working Capital and Other(1)	(12.0)	(3.8)	(8.2)
Net Cash provided (used) by Continuing Operating Activities	**$ 1.2**	**$ 7.8**	**$ (6.6)**
Capital expenditures for property plant & equipment	(6.2)	(13.9)	7.6
Net proceeds from sale of a business and other property and equipment	0.0	0.0	(0.0)
Free Cash Flow from Operations and Investing(2)	**$ (5.0)**	**$ (6.1)**	**$ 1.1**
Net cash used by financing	(4.3)	(8.1)	3.8
Net cash used by discontinued operations	0.0	(1.3)	1.3
Other	4.4	0.5	3.9
Change in Cash and Cash Equivalents	**$ (5.0)**	**$ (15.0)**	**$ 10.0**

(1) Working capital and other includes changes in accounts receivable, inventory, prepaids, accounts payable, accrued liabilities (including interest on senior notes), 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.

Areas of Focus

Strategic Direction

- Further industry consolidation to gain synergies / operational flexibility
- Larger platform to compete effectively

Operational Focus

- Improving the on-stream rates of our chemical plants
- Focus on the continued improvement of our safety performance
- Continue broadening of the distribution of our AN and Nitric Acid products
- Improving the margins on sales of our products

Appendix

EBITDA Reconciliation

LSB Consolidated ($ In Millions)	Three Months Ended March 31, 2018	2017
Net loss:	**($5.6)**	**($6.0)**
Plus:		
Interest expense	9.3	9.4
Depreciation, depletion and amortization	18.3	17.6
Benefit for income taxes	(0.9)	(1.3)
EBITDA (1)	**$21.1**	**$19.7**
Stock-based compensation	1.4	1.2
Derecognition of death benefit accrual	-	(1.4)
Loss on sale of a business and other property and equipment	-	0.5
Fair market value adjustment on preferred stock embedded derivatives	(0.8)	-
Adjusted EBITDA (2)	**$21.7**	**$20.0**
EBITDA from businesses sold	-	(1.7)
Adjusted EBITDA excluding businesses sold in 2017	**$21.7**	**$18.3**

(1) EBITDA is defined as net income (loss) plus interest expense, depreciation, depletion and amortization (DD&A) (which includes DD&A of property, plant and equipment and amortization of intangible and other assets), 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 following 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 items such as, loss on sale of a business and other property and equipment, one-time income or fees, start-up/commissioning costs, certain fair market value adjustments, non-cash stock-based compensation and severance costs. For comparative purposes 2017 is also adjusted to remove the impact of businesses sold during 2017. We believe that the inclusion of supplementary adjustments to EBITDA is appropriate to provide additional information to investors about certain items. The following tables provide reconciliations of EBITDA excluding the impact of the supplementary adjustments. Our policy is to adjust for non-cash or non-recurring items that are greater than $0.5 million quarterly or cumulatively.

Net Sales Reconciliation

LSB Consolidated ($ In Millions)	Three Months Ended March 31,	
	2018	2017
Net sales:		
Agricultural	$52.3	$63.3
Industrial	38.1	48.9
Mining	10.1	7.6
Other	-	3.5
Total net sales	**$100.5**	**$123.3**
Impact of ASC 606 - Industrial	-	(17.7)
Revenue from businesses sold in 2017	-	(3.5)
Total adjusted net sales (1)	**$100.5**	**$102.1**

(1) Since we adopted ASC 606 using the "modified retrospective" method, the prior periods were not restated. As a result, we are presenting Adjusted Net Sales to show the impact of applying ASC 606 to certain arrangements for the first quarter of 2017 consistent with accounting treatment used for the same period in 2018. ASC had no net impact on operating income. Additionally, net sales is adjusted to remove revenue associated with businesses sold in 2017.

Consolidated EBITDA
Sensitivity Analysis (*$ In Millions)*

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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