Fourth Quarter 2017 Update

February 27, 2018

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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 expenditures for 2018; 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, 2017 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.

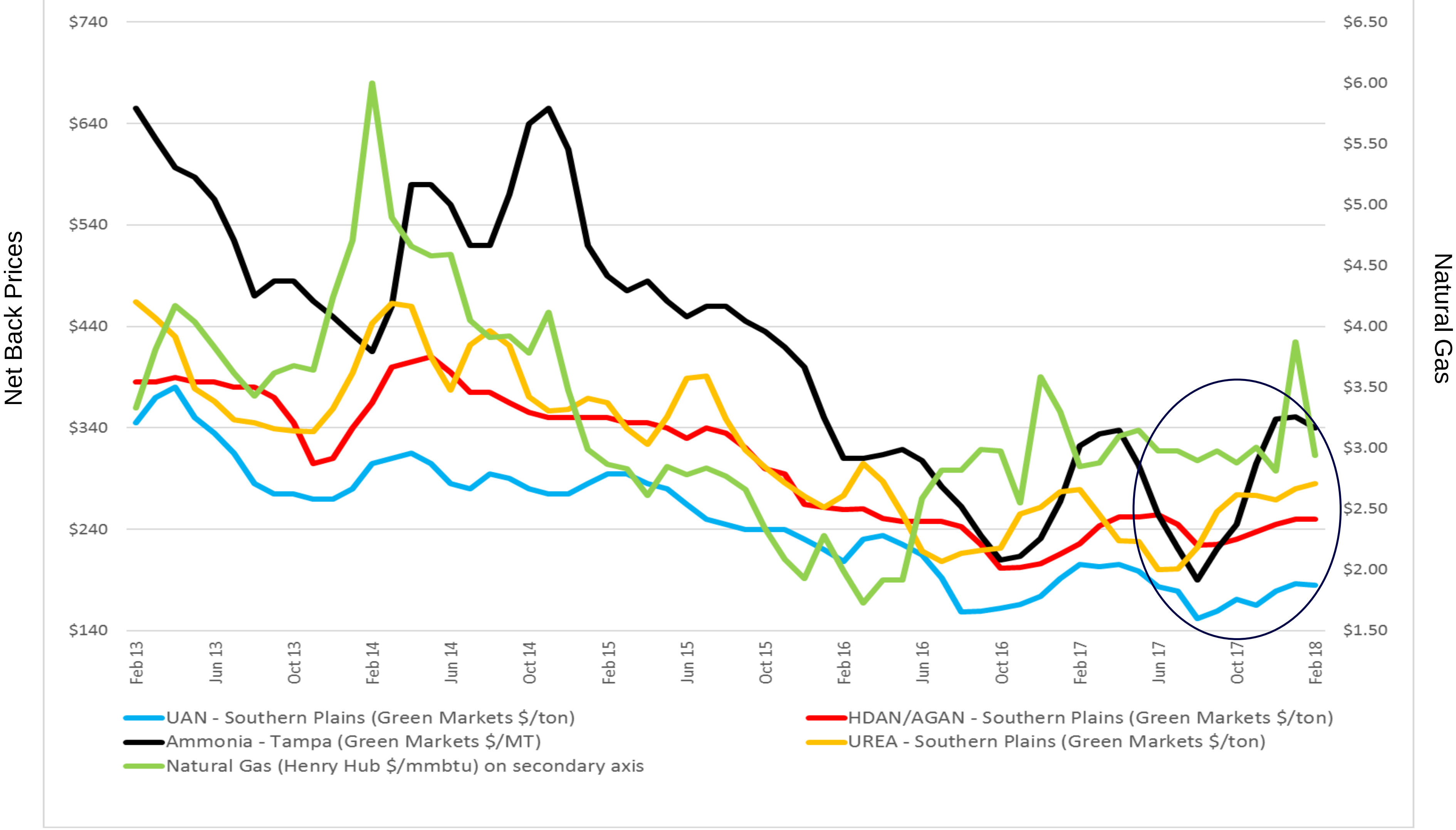
Fourth Quarter 2017 Highlights

- Net sales of $88.9 million for the fourth quarter of 2017, an increase of $3.5 million, or approximately 4% from $85.4 million for the fourth quarter of 2016

- Adjusted EBITDA from continuing operations of $0.3 million for the fourth quarter of 2017, a decrease of $2.5 million from the fourth quarter of 2016:
  - ~ $8.8 million of higher plant costs and lost absorption of fixed costs at our Pryor facility from previously announced unplanned downtime vs. Q4 2016
  - ~ $5.1 million lower fixed costs at El Dorado related to shake down issues in 2016
  - ~ $1.1 million higher selling prices

- Engaged outside experts to assist us in…
  - expediting the enhancement and use of our maintenance management system
  - centralizing and expanding our Company wide procurement efforts
  - overall reliability study to enhance our reliability improvement plan for Pryor

Chemical Commodities
Feedstock & End Products 5-year Price Trend



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Market Outlook

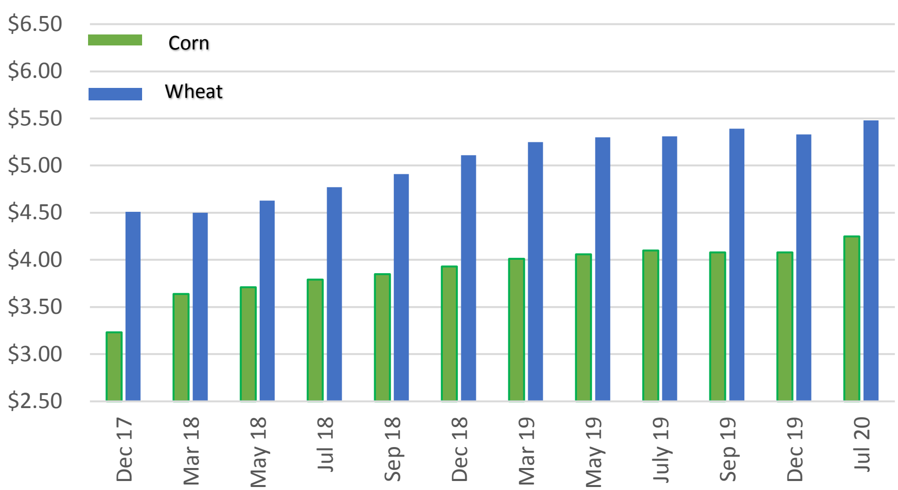
Agricultural

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

- Global outages and low Chinese urea operating rates leading to market tightness
- Urea, UAN and Tampa ammonia have gained momentum
- Imports of Urea and UAN declined 21% and 41%, respectively, for the past six month period
- Corn prices average ~ $3.90/bushel over next 12 months

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

Forward Crop Prices / Bushel

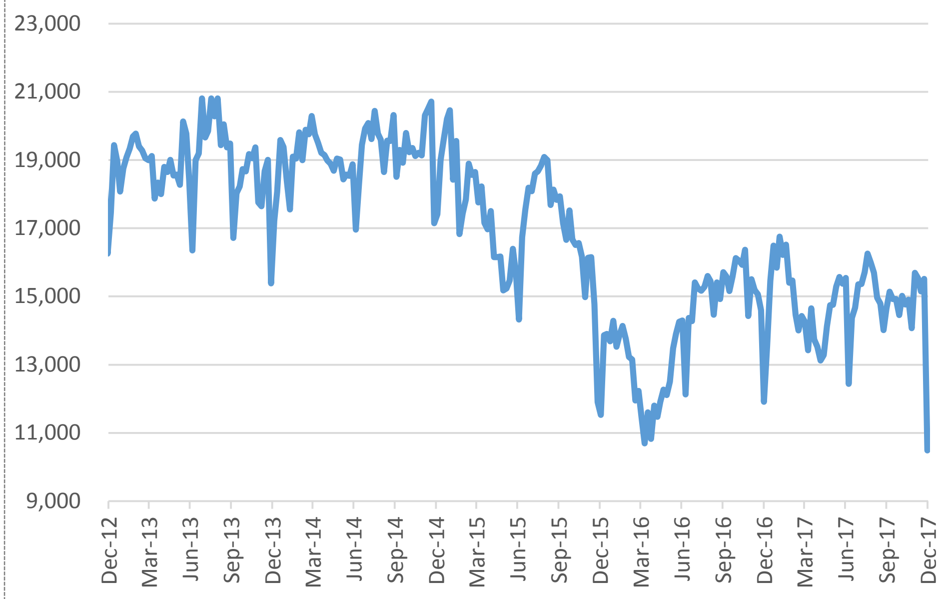


Industrial and Mining

Industrial market – Trending slightly up in 2018. The auto and housing markets continue to look good for the coming year

Mining market – Coal Update:
The Energy Information Administration (EIA) expects growth in coal-fired electricity generation to contribute to a ~0.8% increase in 2018. Coal production is expected to decrease by ~2.4% in 2018 because of lower exports and no growth in coal consumption

US Coal Production (last 5 years) Million Short Ton

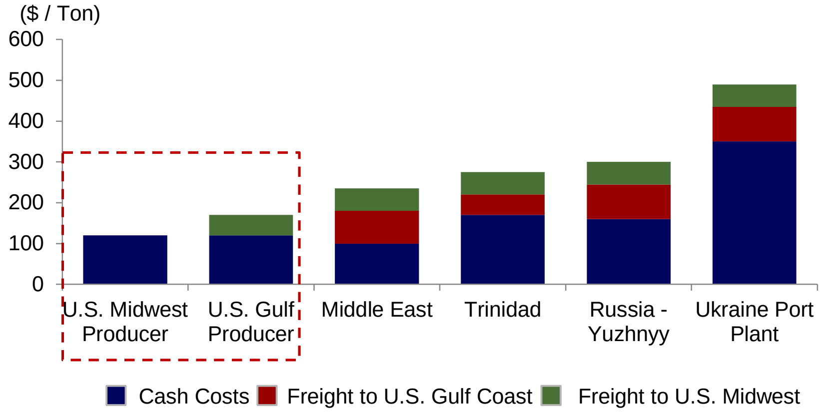


Sources: Corn Prices – Chicago Board of Trade 2-2-18 close; Wheat prices – Kansas City Board of Trade 2-2-18 close; US Coal Production – eia.gov historical data files

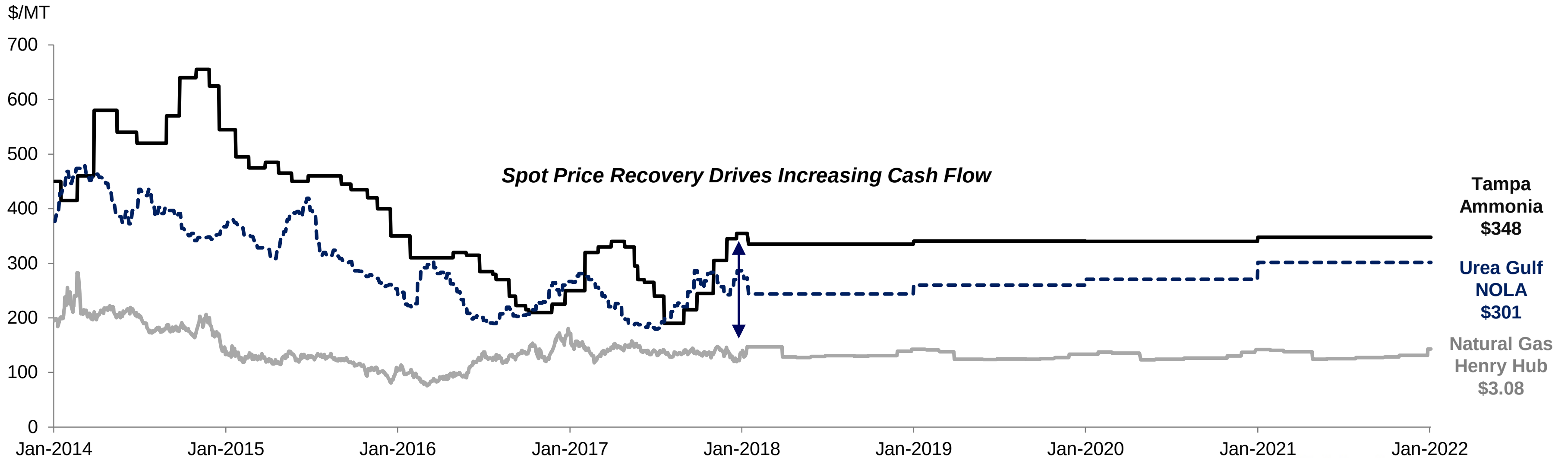
Attractive Combination of Low Priced Feedstock in an increasing Ammonia Price Environment

- Due to large shale gas deposits and technological advancements, domestic natural gas prices are expected to remain low
- The low cost position for U.S. ammonia producers will allow domestic producers to take advantage of future demand and capacity increases
- While ammonia prices have been positively correlated with natural gas prices, as the price gap between the two commodities widens, LSB will be provided with increasing opportunities for margin expansion and cash flow generation
  - o **U.S. producers, including LSB, are positioned to benefit immensely from a widening gap between a highly attractive cash cost position driven by low gas prices and increasing ammonia products prices**

U.S. Ammonia Producers have a Commanding Position as the World's Lowest Cost Producer Serving the US Market



Spot Price Recovery Well Underway Across all Main Ammonia Products While Natural Gas Prices Remain Stagnant[1]



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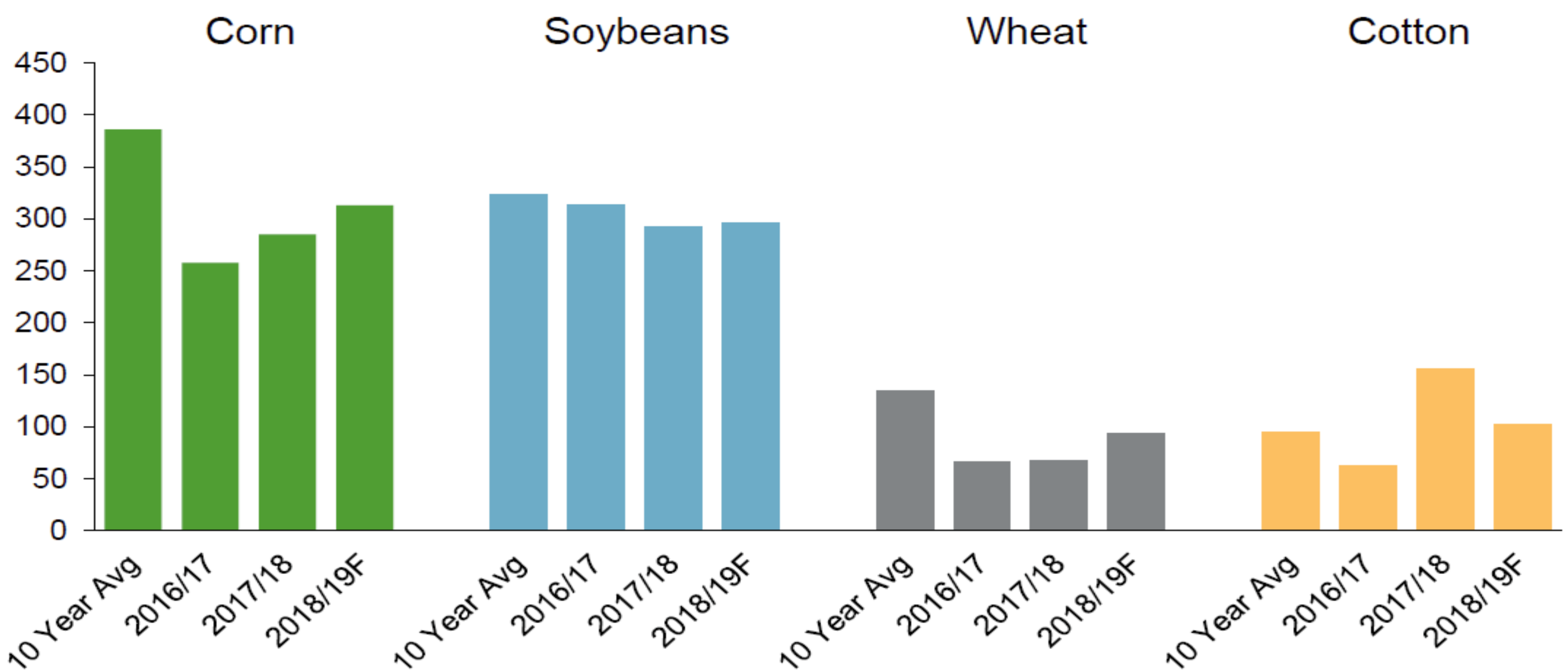
Source: CRU, Fertecon, Bloomberg, Fertilizer Week and Wall Street Research

[1] Ammonia and Urea forecast based on median estimates of Wall Street brokers. Natural gas forward based on NYMEX forward curve.

Supportive U.S. Grower Economics

U.S. Cash Grower Margins[1]
US$/Acre



Current cash crop margins support a relatively stable acreage outlook

Source: USDA, Green Markets, CME Group, Nutrient
1. 2017/18 margins are based on spot cash crop prices and estimated average fertilizer costs; 2018/19 margins are based on new crop 2018 futures prices less estimated basis and estimated spot retail fertilizer prices

Operational Review

Operational Review

El Dorado

- Auxiliary boiler / heat exchanger repairs in Ammonia caused 21 days down time in October
- November, December and January had 99%+ on-stream
- Consistently producing at 1,300 – 1,350 tons / day
- Planning for turnaround August/September 2018

Cherokee

- Ammonia on-stream rate above 99% for Q4 2017; 5th consecutive quarter at 99%+
- Planning for turnaround July/August 2018

Pryor

- Reformer fire, piping system upgrade and new equipment installed in ammonia plant Q3/Q4 2017
  - Repairs completed in early December
  - January had 100% on-stream
- Major overhaul of maintenance management systems
- Engineering risk assessment of Ammonia and Urea plant by Black & Veatch
- Engineering for process control automation underway
- New urea reactor being built by Stamicarbon; installation in Q4 2018
- No planned turnaround in 2018

Baytown

- Plant operating at full rates

Maintenance Management System Enhancement

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- Commonality of platform across all plants
- Risk and critical ranking of all equipment and instrumentation
- Mechanical integrity program improvements
- Preventive and predictive maintenance
- Precision maintenance implementation and training
- Focus on root cause of equipment failures
- Implementation is underway; will be complete by midyear 2018

Focus on Pryor

BD Energy Ammonia Plant Assessment

- Firm is expert in design of steam methane reformers
- Process Evaluation for the Ammonia plant
- Heat and material balance
- Improve performance, reliability and efficiency
- Study to deliver a full evaluation of the operation and performance of the primary and secondary reformers completed by the end of Q1 2018

Black & Veatch Full Facility Assessment

- Risk review of mechanical and electrical reliability issues for entire facility
- Cost estimates for recommended improvements
- Study to be completed by the end of Q1 2018

Financial Review

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LSB Consolidated Financial Highlights

Fourth Quarter 2017

($ In Millions, Except EPS)	Three Months Ended December 31, 2017	2016	Change	Twelve Months Ended December 31, 2017	2016	Change
Net sales	**$88.9**	**$85.4**	**$3.5**	**$427.5**	**$374.6**	**$52.9**
Gross profit (loss)	**($10.2)**	**($8.9)**	**($1.3)**	**$5.5**	**($49.3)**	**$54.8**
% of net sales	*-11.5%*	*-10.4%*	*-1.1%*	*1.3%*	*-13.2%*	*14.5%*
Selling, general and administrative expense	**$8.2**	**$8.5**	**($0.3)**	**$35.0**	**$40.2**	**($5.2)**
% of net sales	*9.2%*	*10.0%*	*-0.8%*	*8.2%*	*10.7%*	*-2.5%*
Operating loss	**($20.8)**	**($18.1)**	**($2.7)**	**($34.1)**	**($90.2)**	**$56.1**
% of net sales	*-23.4%*	*-21.2%*	*-2.2%*	*-8.0%*	*-24.1%*	*16.1%*
Interest expense, net	**$9.3**	**$9.8**	**($0.5)**	**$37.3**	**$31.0**	**$6.3**
Non-operating other expense (income), net	**$0.1**	**($0.2)**	**$0.3**	**($0.3)**	**$0.2**	**($0.5)**
Loss from continuing operations before benefit for income taxes	**($30.2)**	**($36.4)**	**$6.2**	**($71.1)**	**($130.1)**	**$59.0**
Benefit for income taxes	**($30.0)**	**($11.2)**	**($18.8)**	**($40.8)**	**($42.0)**	**$1.2**
Income from discontinued operations, net of taxes	**$1.1**	**$3.7**	**($2.6)**	**$1.1**	**$200.3**	**($199.2)**
Net income (loss)	**$0.9**	**($21.5)**	**$22.4**	**($29.2)**	**$112.2**	**($141.4)**
% of net sales	*1.0%*	*-25.2%*	*26.2%*	*-6.8%*	*30.0%*	*-36.8%*
Diluted EPS (1)	**($0.30)**	**($1.19)**	**$0.89**	**($2.22)**	**($5.28)**	**$3.06**
EBITDA (2)	**($3.6)**	**$2.1**	**($5.7)**	**$35.4**	**($27.5)**	**$62.9**
Adjusted EBITDA (2)	**$0.3**	**$2.8**	**($2.5)**	**$46.2**	**($4.5)**	**$50.7**

(1) Excludes discontinued operations.

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

Fourth Quarter – 2017 vs. 2016

($ In Millions)

	Q4	
	2017	**2016**
Total Consolidated Adjusted EBITDA	**$0.3**	**$2.8**

2016	**$2.8**
Net Sales Price Impact	1.1
Net Sales Volume Impact	0.1
Costs related to Pryor unplanned downtime	(8.8)
Higher fixed cost in 2016 related to unplanned downtime at El Dorado / "shake down" items	5.1
2017	**$0.3**

Capital Structure

$ In Millions	12/31/17
Cash	**$ 33.6**
Senior Secured Notes	375.0
Working Capital Revolver ($41.2 mm of availability at 12/31/17)	-
Other Debt	39.1
Unamortized Discount and Debt Issuance Costs	(4.7)
Total Long-Term Debt, Including Current Portion, net	**$ 409.4**
Series E and F Redeemable Preferred Stock ($185.2 million liquidation preference including accrued dividends)	**$ 175.0**
Total Stockholders' Equity	**$ 438.2**

Key Information:

Senior Secured Notes

- $375 million at 8.5%
- Due August 2019
- Call Premium 101.9 until 8/1/2018 and then at par

Working Capital Revolver

- $50 million (Prime + 50 bps)
- Expires January 2022
- No borrowings at December 31, 2017

Free Cash Flow

$ In Millions	Twelve Months Ended December 31, 2017	2016	Change
Net income (loss)	**$ (29.2)**	**$ 112.2**	**$ (141.4)**
Income from discontinued operations, net of taxes	(1.1)	(200.3)	199.2
Depreciation, depletion and amortization	72.1	64.3	7.8
Deferred income taxes	(40.4)	(42.0)	1.6
Loss on extinguishment of debt	-	8.7	(8.7)
Stock based compensation	5.2	4.0	1.2
Change in Working Capital and Other(1)	(4.3)	30.9	(35.2)
Net Cash provided (used) by Continuing Operating Activities	**$ 2.3**	**$ (22.2)**	**$ 24.5**
Capital expenditures for property plant & equipment	(35.4)	(212.5)	177.1
Net proceeds from sale of a business and other property and equipment	23.8	5.3	18.6
Free Cash Flow from Operations and Investing(2)	**$ (9.3)**	**$ (229.5)**	**$ 220.2**
Net cash used by financing	(16.1)	(193.6)	177.5
Net proceeds from sale of discontinued operations	-	356.7	(356.7)
Net cash used by discontinued operations	(1.7)	(4.7)	3.0
Other	0.7	3.9	(3.1)
Change in Cash and Cash Equivalents	**$ (26.4)**	**$ (67.2)**	**$ 40.8**

(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.

2018 Outlook

Sales Volume:		
	Full Year 2018 Sales (tons)	**Full Year 2017 Actual Sales (tons)**
Agriculture:	(includes lost sales related to EDC and Cherokee turnarounds)	
UAN	480,000 – 490,000	489,000
HDAN	290,000 – 310,000	280,000
Ammonia	115,000 – 125,000	94,000
Industrial, Mining and Other:		
Ammonia	220,000 – 230,000	229,000
LDAN/HDAN and AN solution	180,000 – 190,000	166,000
Nitric Acid and Other Mixed Acids	90,000 – 100,000	101,000
Sulfuric Acid	120,000 – 130,000	133,000
DEF	15,000 – 20,000	15,000

Operating:	
Ammonia On-Stream Rates:	Average 94% across three plants (excluding turnarounds)
Ammonia Production (tons)	825,000 – 835,000
Turnarounds:	Cherokee - 35 days in July/August El Dorado - 25 days September Approximately $12 million in turnaround costs (90% planned for third quarter) with appropriate lower production/sales volumes

2018 Outlook (continued)

Financial (Full Year):	
Variable Plant Expenses:	
Natural gas feedstock costs	30 – 32 MMBtu/ton of ammonia
Electricity	5.0% – 7.0% of sales
Catalyst expense (burnoff)	1.0% – 2.0% of sales
Freight	7.0% – 9.0% of sales
Other purchased products (primarily Ag Centers)	2.0% – 4.0% of sales
Other expenses	0.5% – 2.5% of sales
Fixed Plant Expenses Including Plant Salary and Wages (Ex-Depreciation):	$110 million – $115 million
SG&A:	$30 million – $35 million
Depreciation Expense:	$65 million – $70 million
Interest Expense:	$35 million – $40 million
CAPEX:	$30 million – $35 million

Areas of 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
- Reducing and controlling our cost structure
- Focus on improving our capital structure and overall cost of capital

Appendix

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LSB INDUSTRIES

EBITDA Reconciliation

LSB Consolidated ($ In Millions)	Three Months Ended December 31, 2017	Three Months Ended December 31, 2016	Twelve Months Ended December 31, 2017	Twelve Months Ended December 31, 2016
Net income (loss):	**$0.9**	**($21.5)**	**($29.2)**	**$112.2**
Plus:				
Interest expense	9.3	9.8	37.3	30.9
Loss on extinguishment of debt	-	8.7	-	8.7
Provision for impairment	-	1.6	-	1.6
Depreciation, depletion and amortization	17.3	18.4	69.2	61.3
Benefit for income taxes	(30.0)	(11.2)	(40.8)	(41.9)
Income from discontinued operations	(1.1)	(3.7)	(1.1)	(200.3)
EBITDA (1)	**($3.6)**	**$2.1**	**$35.4**	**($27.5)**
Consulting fee - Negotiated property tax savings at El Dorado	-	-	-	12.1
Stock-based compensation	1.3	0.8	5.2	4.0
Start-up/ Commissioning costs at El Dorado	-	-	-	5.1
Severance costs	-	0.2	-	0.9
Derecognition of death benefit accrual	-	-	(1.4)	-
Loss (gain) on sale of a business and other property and equipment	2.6	(0.3)	7.0	0.3
Fair market value adjustment on preferred stock embedded derivatives	-	-	-	1.0
Delaware unclaimed property liability	-	-	-	0.3
Life insurance recovery	-	-	-	(0.7)
Adjusted EBITDA (2)	**$0.3**	**$2.8**	**$46.2**	**($4.5)**

(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 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 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. We believe that the inclusion of supplementary adjustments to EBITDA is appropriate to provide additional information to investors about certain items. The tables above provide reconciliations of EBITDA excluding the impact of the supplementary adjustments. The Company's policy is to adjust for non- cash or non-recurring items that are greater than $0.5 million quarterly or cumulatively.

Consolidated EBITDA
Sensitivity Analysis (*$ In Millions*)

LSB INDUSTRIES

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