LSB INDUSTRIES

Second Quarter 2020 Update

July 30, 2020

Agenda

Overview

- Mark Behrman, President and Chief Executive Officer

Financial Review

- Cheryl Maguire, 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 2020; 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, 2019 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.

Second Quarter 2020 – Overview

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- 6% increase in agricultural sales volumes
  - 18% increase in total quarterly UAN sales volumes year-over-year
  - Record quarterly urea and UAN production at Pryor Facility

- 14% decrease in industrial and mining sales volumes year-over-year as a result of the negative impact of COVID-19 on our end markets

- Overall lower selling prices as compared to the second quarter of 2019
  - Agricultural ammonia, UAN, and HDAN pricing lower by 30%, 25%, and 7%, respectively
  - Industrial pricing slightly lower driven by affects of weaker demand from COVID-19
  - Mining pricing lower as contracts are linked to natural gas indexes; however, margins remain steady

- Natural gas costs 25% lower than Q2 2019

- Continued focus on cost discipline with $1.2 million lower overall costs for the quarter vs. the second quarter of 2019

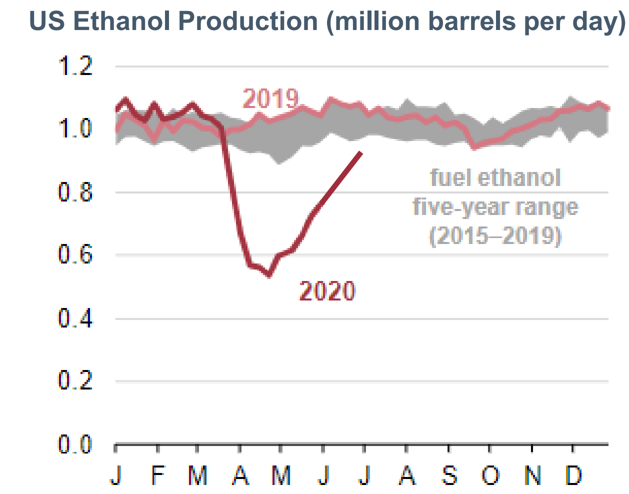
COVID-19 Update

- Continued enhanced protocols at all our facilities, including mandatory masks and social distancing as well as doubling down on our cleaning and safety measures
- Extra disinfecting and cleaning, and plant personnel health monitoring
- Special protocols for truck and delivery drivers to protect our employees and the drivers
- Continued work from home protocols currently in place for all staff where possible; LSB teams working on “return to work” guidelines. We will take our time to ensure the proper procedures are in place
- Minimal business travel and have strongly encouraged employees to safely travel for personal travel by following all CDC protocols
- Actively reviewing, managing and mitigating risks to our employees, contractors, customers, vendors, facilities and operations

Market Update

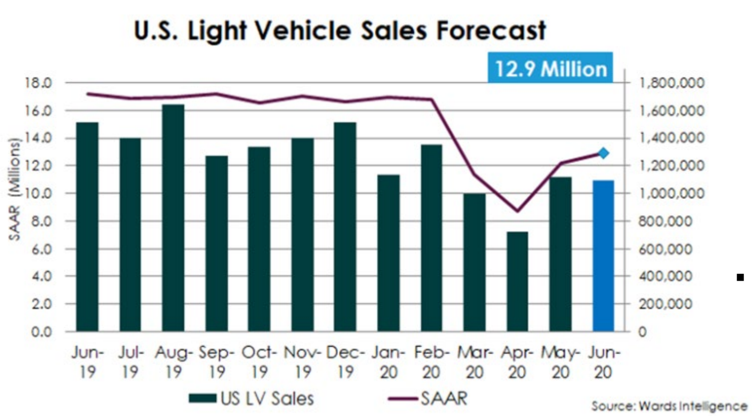
Agricultural

- Corn acres planted for the 2020 planting season are estimated at 92 million acres, which is 3% higher than 2019 plantings, but lower than the initial USDA 2020 forecast plantings of 97 million acres
- US Ethanol production continues to rise each week since bottoming out in late April
  - April represented the lowest recorded weekly production since the EIA began collecting weekly fuel ethanol production data in June of 2010;
  - the week ending July 3rd, 2020 represented a 70% increase over the 2020 April low point, and at 914 thousand barrels per day, is only 11% lower than the 2019 full year daily average



Source: EIA

Industrial and Mining



- Automotive industry halted production mid-March but has since resumed most production. Seasonally adjusted annual rate (SAAR) for light vehicle sales in May and June totaled 12.2 million and 12.9 million (estimate), respectively, which is a material increase over April at 8.7 million. June 2020 sales are lower than June 2019 of 17.2 million
  - Vehicle inventory is suppressed due to the automaker shut-downs in the Spring, and analysts believe that is depressing what could be higher light vehicle sales given that demand is strong
- According to the U.S. Department of Housing and Urban Development, new residential construction increased 4.3% in May over April lows, and June increased 17.3% over May, indicating a rebound since the low point in the Spring. Additionally, applications for building permits increased 2.1% in June
- Mining industry showing signs of recovery; copper prices have rebounded, hitting a two year high on July 13th; quarry and construction business coming back with recovery of economy

LSB Consolidated Financial Highlights

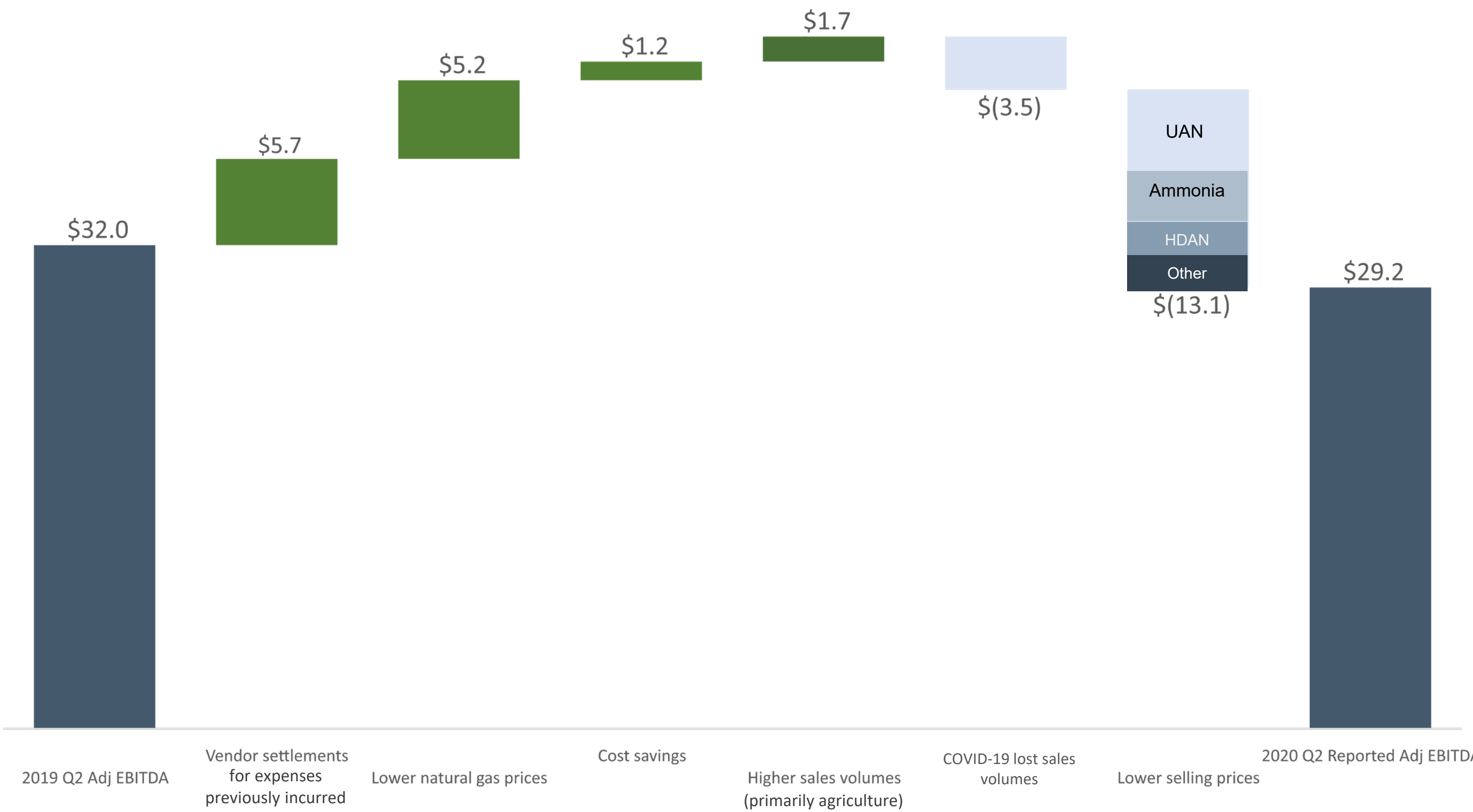
Second Quarter 2020

($ In Millions, Except EPS)	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Change	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019	Change
Net sales	$105,033	$121,527	$(16,494)	$ 188,444	$215,679	$ (27,235)
Gross profit	$ 19,021	$ 19,677	$ (656)	$ 21,572	$ 26,995	$ (5,423)
% of net sales	*18.1%*	*16.2%*	*1.9%*	*11.4%*	*12.5%*	*-1.1%*
Selling, general and administrative expense	$ 8,504	$ 8,366	$ 138	$ 18,510	$ 15,590	$ 2,920
% of net sales	*8.1%*	*6.9%*	*1.2%*	*9.8%*	*7.2%*	*2.6%*
Other income, net	$ (167)	$ (34)	$ (133)	$ (635)	$ (11)	$ (624)
Operating income	$ 10,684	$ 11,345	$ (661)	$ 3,697	$ 11,416	$ (7,719)
% of net sales	*10.2%*	*9.3%*	*0.9%*	*2.0%*	*5.3%*	*-3.3%*
Interest expense, net	12,476	11,315	1,161	25,955	22,302	3,653
Non-operating other income, net	(128)	(868)	740	(803)	(644)	(159)
Loss before income taxes	$ (1,664)	$ 898	$ (2,562)	$ (21,455)	$ (10,242)	$ (11,213)
Benefit for income taxes	$ (1,299)	$ (5,733)	$ 4,434	$ (1,638)	$ (5,333)	$ 3,695
Net income (loss)	$ (365)	$ 6,631	$ (6,996)	$ (19,817)	$ (4,909)	$ (14,908)
% of net sales	*-0.3%*	*5.5%*	*-5.8%*	*-10.5%*	*-2.3%*	*-8.2%*
Diluted EPS (after preferred stock dividend)	$ (0.34)	$ (0.05)	$ (0.29)	$ (1.35)	$ (0.75)	$ (0.60)
EBITDA (1)	$ 28,107	$ 29,610	$ (1,503)	$ 39,702	$ 46,596	$ (6,894)
Adjusted EBITDA (1)	$ 29,188	$ 31,984	$ (2,796)	$ 44,808	$ 51,048	$ (6,240)

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

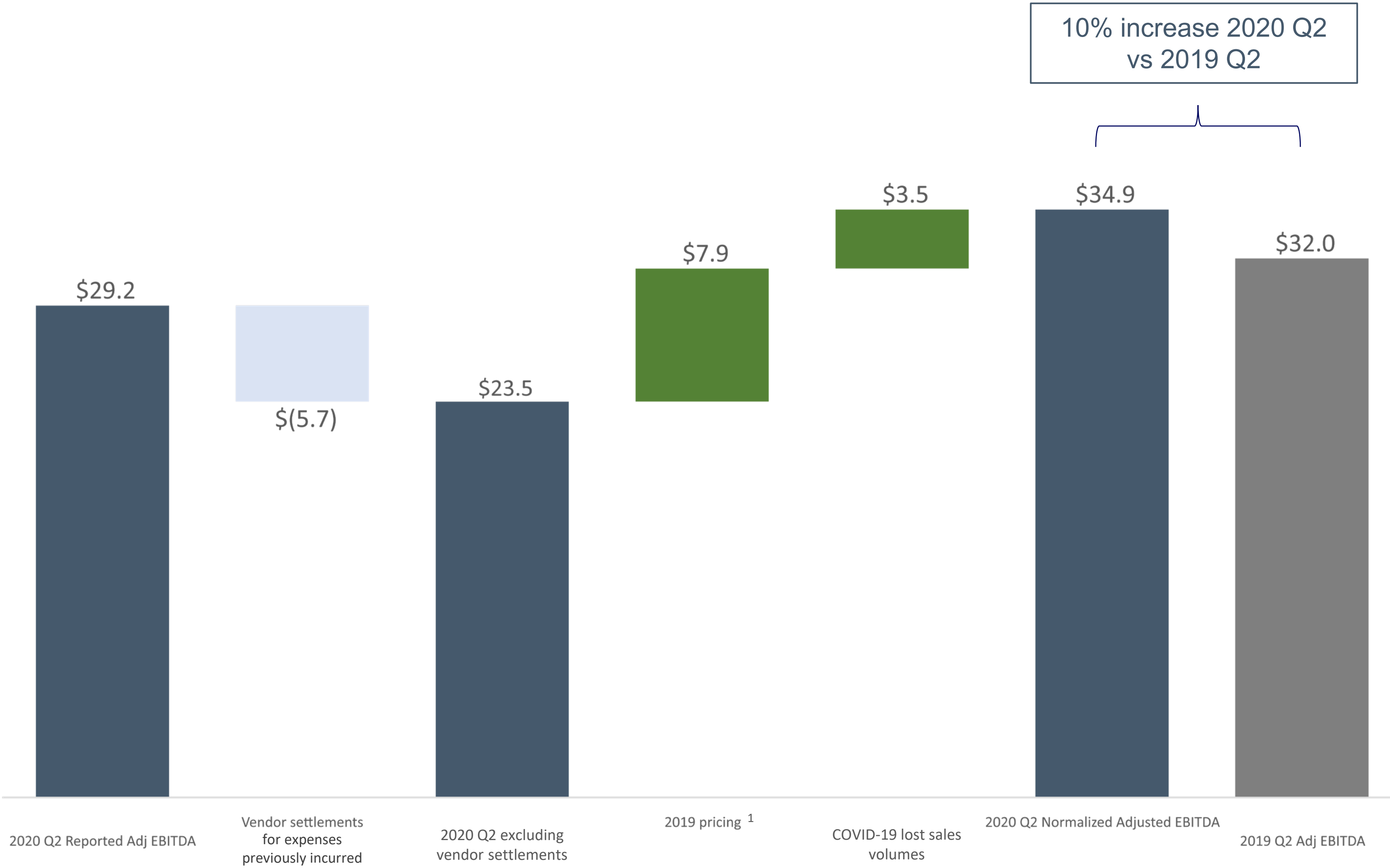
Second Quarter – 2020 vs. 2019

($ in millions)



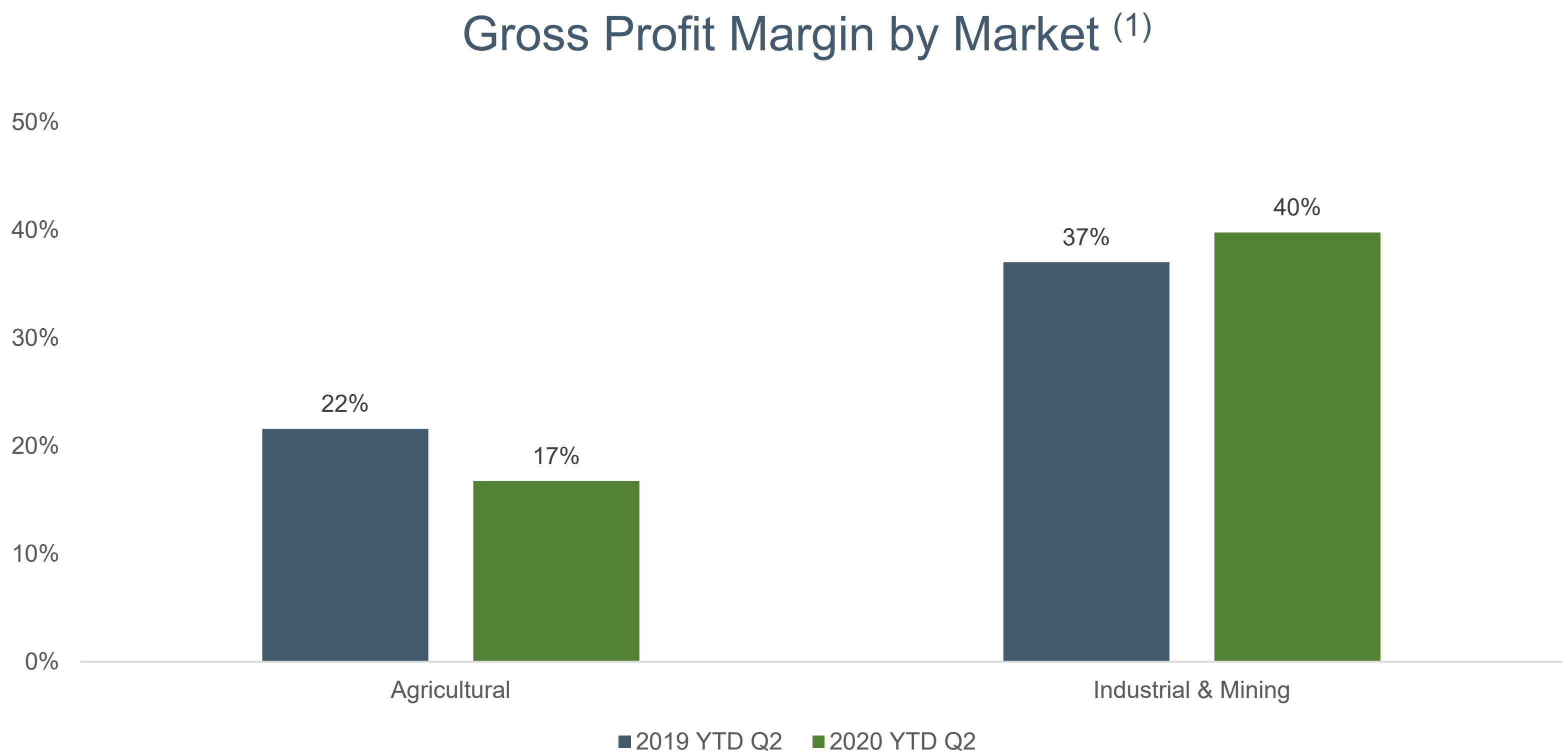
Underlying Business Continues to Improve

($ in millions)



1. Represents $13.1 million from lower selling prices net of $5.2 million from lower natural gas.

Industrial & Mining Margins Robust While Agricultural Margins Tempered by Low Pricing



- *Agricultural margins impacted by lower selling prices, partially offset by higher sales volumes*
- *Industrial & Mining margins benefitted from lower costs and higher production*

(1) Gross profit margin by market excludes vendor settlements, turnaround, depreciation, and amortization expenses. This is a non-GAAP measure. Refer to the Gross Profit Reconciliation page within this presentation for reconciliation of adjusted gross profit to reported gross profit.

Continued Focus on Preserving Liquidity

Given the uncertainty around COVID-19, we continue to prudently manage our cash flow

- Total liquidity of approximately $69.1 million as of June 30, 2020
- Preemptively drew $30 million on revolving credit facility in March to ensure access to liquidity given uncertainty surrounding COVID-19; post second quarter, paid back $15 million
- Overall working capital needs are lower in a lower natural gas cost environment
- Suspension of all non-essential spend until further notice
- Approximately $5-6 million of capital investments deferred to later in the year
- Heightened focus on managing working capital
- Pursuing sale of a non-core asset which could generate additional cash of $20-25 million
- Potential refinance of existing equipment loan would add further liquidity

Capital Structure

$ In Millions	6/30/20
Cash	**$ 56.5**
Senior Secured Notes	435.0
Working Capital Revolver ($12.6 mm of availability at 6/30/20)	30.0
Other Debt	44.5
Unamortized Discount and Debt Issuance Costs	(10.4)
Total Long-Term Debt, Including Current Portion, net	**$ 499.1**
Series E and F Redeemable Preferred Stock ($259.8 million aggregate liquidation preference including accrued dividends)	**252.9**
Total Stockholders' Equity	**$ 210.6**
Total Liquidity (Cash plus ABL availability)	**$ 69.1**

Key Information:

Senior Secured Notes

- $435 million at 9.625%
- Due May 2023
- No maintenance covenants

Working Capital Revolver

- $65 million (Prime + 50 bps)
- Expires February 2024
- Springing maintenance covenant 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

Illustrative EBITDA Impact Associated with Changes in Product & Feedstock Pricing

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(Based on 2020 Volumes)

	Selling Price Comparison		Change in Selling Price Impact on EBITDA		
	Q3 2019 Actual Average Selling Prices	Q3 2020 Current/Expected Average Selling Prices	Change		Annual EBITDA Impact [1]
UAN	$163 / ST	$130 / ST	$10.00	+/-	$4.8mm
HDAN	$263 / ST	$225 / ST	$10.00	+/-	$3.0mm
Tampa Ammonia	$221 / MT	$205 / MT	$10.00	+/-	$4.0 mm
Illustrative Impact from $10/ton change				+/-	**~$11.8mm**
Natural Gas ($/MMBtu)	$2.35 / MMBtu	$1.95 / MMBtu	$0.10	+/-	$3.1mm

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.*

Positioned for Growth and Improved Financial Performance

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Realizing returns from completed maintenance and upgrades in 2019

- Record urea production at our Pryor facility in Q2 2020
- On pace to reach 10-year high on sulfuric acid production
- Continued year-over-year improvement in ammonia operating rates and on track to reach record annual ammonia, UAN, and HDAN production

Continued broadening of our distribution through aggressive sales and marketing programs

- New contract awards in LDAN, nitric acid, and sulfuric acid
- Geographic expansion into markets outside the United States (Mexico and Canada)
- Continued focus on optimizing production to maximize margins
- Added additional storage capacity to maximize production and selling prices

Executing on key margin enhancement projects

- HDAN storage dome completed in April which allows us to maximize production and selling prices
- Engineering underway on several key projects that will provide the ability to sell additional products as well as upgrade margins

Appendix

EBITDA Reconciliation

LSB Consolidated ($ In Thousands)	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Net income (loss)	**($365)**	**$6,631**	**($19,817)**	**($4,909)**
Plus:				
Interest expense	12,476	11,315	25,955	22,302
Depreciation and amortization	17,295	17,397	35,202	34,536
Benefit for income taxes	(1,299)	(5,733)	(1,638)	(5,333)
EBITDA (1)	**$28,107**	**$29,610**	**$39,702**	**$46,596**
Stock-based compensation	685	686	1,180	1,298
Unrealized loss (gain) on commodity contracts	(396)	-	131	-
Legal fees (Leidos)	955	1,496	4,242	2,428
Loss (gain) on disposal of assets	(54)	-	(277)	228
Fair market value adjustment on preferred stock embedded derivatives	(120)	(725)	(757)	(524)
Consulting costs associated with reliability and purchasing initiatives	-	313	576	418
Turnaround costs	11	604	11	604
Adjusted EBITDA (2)	**$29,188**	**$31,984**	**$44,808**	**$51,048**

(1) EBITDA is defined as net income (loss) plus interest expense, plus loss on extinguishment of debt, plus depreciation and amortization (D&A) (which includes D&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 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 Thousands)	Six Months Ended June 30, 2020	2019
Net sales		
Agricultural	$106,455	$119,296
Industrial and Mining	81,989	96,383
Total net sales	**$188,444**	**$215,679**
Gross Profit		
Agricultural (1)	17,831	25,776
Industrial and Mining (1)	32,625	35,703
Adjusted gross profit by market (1)	**$50,456**	**$61,479**
Depreciation and amortization (2)	(34,537)	(33,880)
Turnaround expense	(11)	(604)
Vendor Settlements	5,664	0
Total gross profit	**$21,572**	**$26,995**
Gross Profit Margin		
Agricultural (3)	17%	22%
Industrial and Mining (3)	40%	37%
Adjusted gross profit margin by market (3)	**27%**	**29%**
Total gross profit margin (3)	**11%**	**13%**

(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.

Consolidated EBITDA

Sensitivity Analysis (*$ In Millions)*

Significant Earnings Power at Optimal Operating Rates

Average Tampa Ammonia Price/MT For A Year	Average Natural Gas Price Per MMBTU For A Year					
	$2.00	$2.50	$3.00	$3.50	$4.00	$4.50
$350	$ 174	$ 162	$ 150	$ 138	$ 126	$ 114
$300	$ 142	$ 130	$ 118	$ 106	$ 94	$ 82
$250	$ 110	$ 98	$ 86	$ 74	$ 62	$ 50
$200	$ 78	$ 66	$ 54	$ 42	$ 30	$ 17

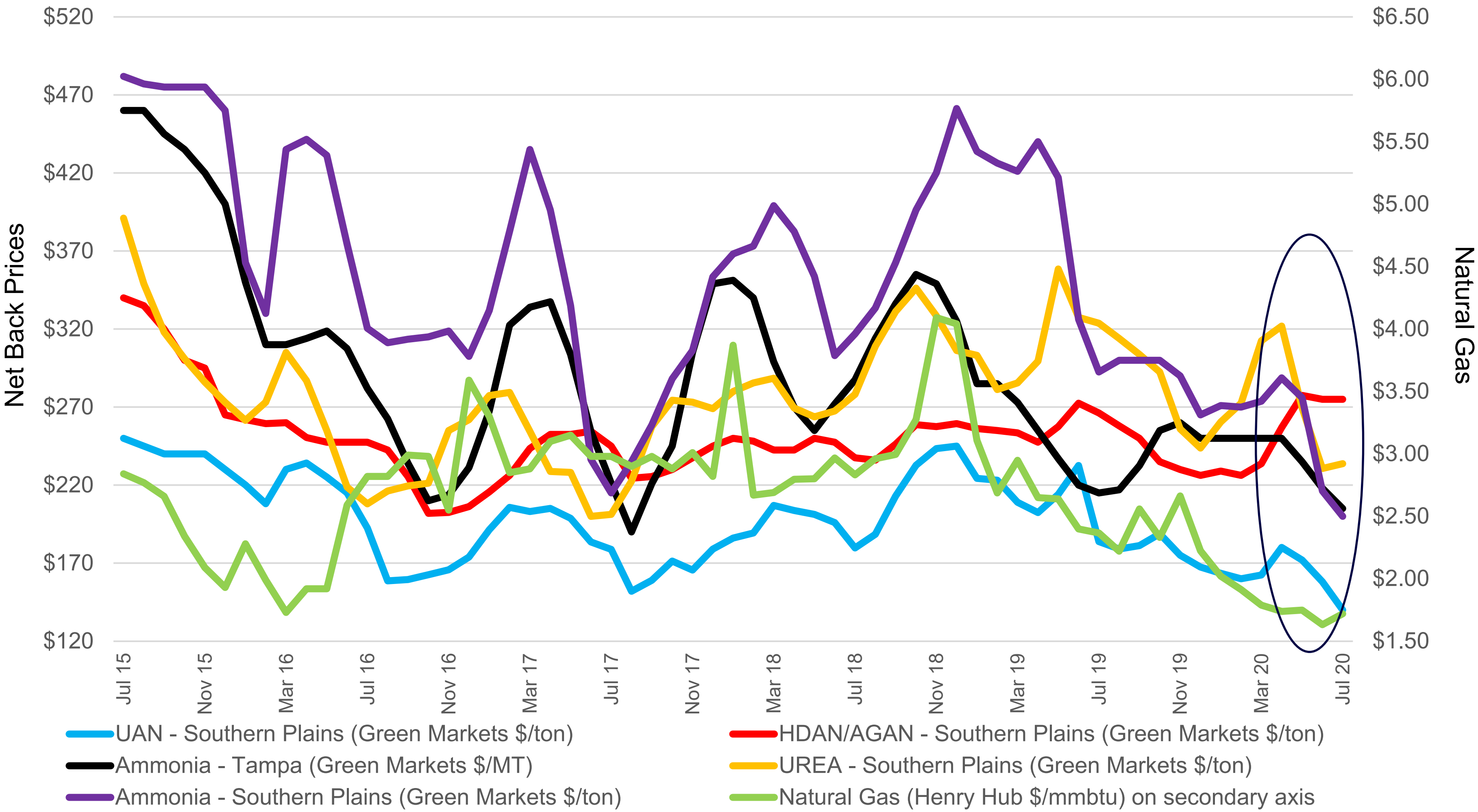
Note: The model above is only intended to illustrate the relationship between variables. It is not an estimate of operating results for any future period.

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.

Chemical Commodities
Feedstock & End Products 5-year Price Trend



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