LSB INDUSTRIES

Fourth Quarter 2019 Update

February 25, 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

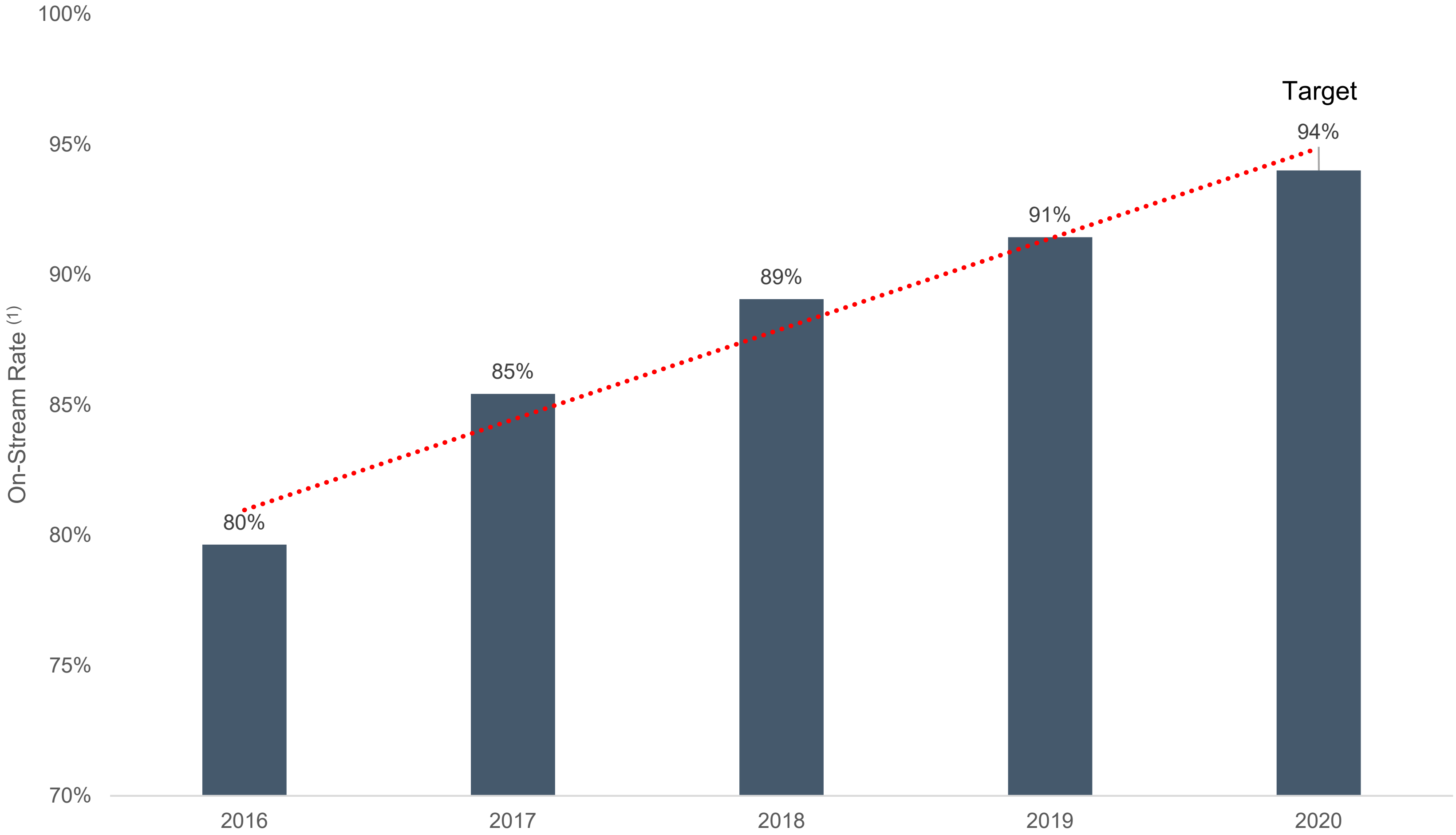
- This presentation contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements generally are identifiable by use of the words “may,” “believe,” “expect,” “intend,” “plan to,” “estimate,” “project” or similar 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.

Fourth Quarter 2019 - Overview

- Completed 2019 with full year ammonia on-stream rates averaging approximately 91% (excluding turnarounds) across all three facilities versus 89% in 2018 and 80% in 2016
- Successful turnarounds/upgrades
  - Pryor – Improved reliability and production capacity of ammonia and urea plants allowing for increased UAN production of 30,000+ tons per year
  - El Dorado – Installed new sulfuric acid converter to improve reliability while increasing production capacity approximately 20,000 tons per year
- New contract awards during Q4 that support expected sales growth of nitric acid and sulfuric acid in 2020
- Natural gas costs 29% lower than Q4 2018 utilizing active gas management program
- Tampa ammonia benchmark prices lower by approximately $90/MT as compared to Q4 2018

Operational Improvement Initiatives Yielding Results



(1) On-stream rate is the number of hours operating divided by total hours in the period. On-stream rate is a weighted average of all three plants and excludes impact from planned turnaround days.

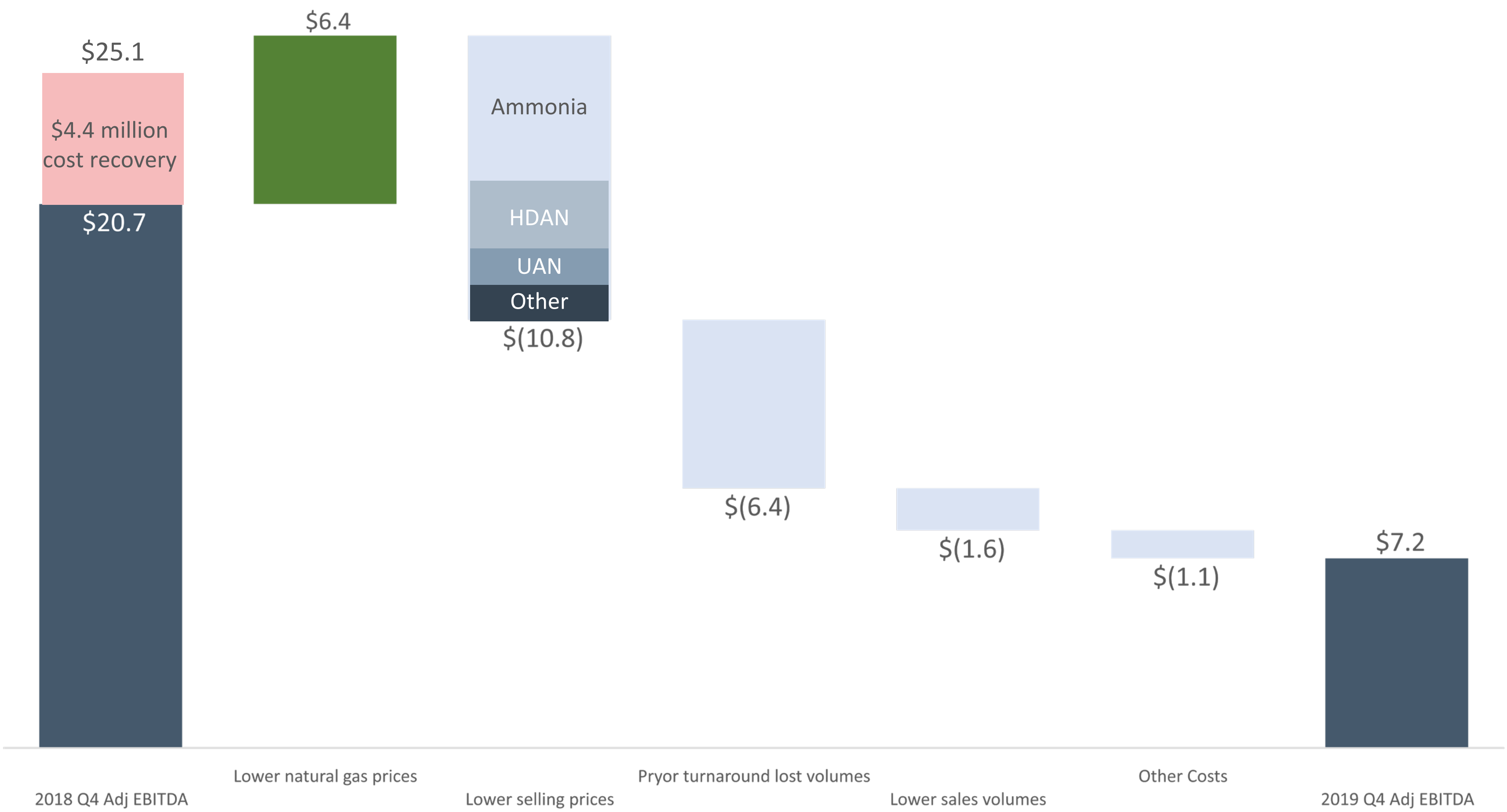
LSB Consolidated Financial Highlights

Fourth Quarter 2019

($ In Thousands, Except EPS)	Three Months Ended December 31, 2019	2018	Change	Twelve Months Ended December 31, 2019	2018	Change
Net sales	$ 73,896	$ 94,730	$(20,834)	$ 365,070	$ 378,160	$(13,090)
Gross profit (loss)	(12,277)	12,411	(24,688)	4,985	15,835	(10,850)
% of net sales	*-16.6%*	*13.1%*	*-29.7%*	*1.4%*	*4.2%*	*-2.8%*
Selling, general and administrative expense	9,467	15,031	(5,564)	34,172	40,811	(6,639)
% of net sales	*12.8%*	*15.9%*	*-3.1%*	*9.4%*	*10.8%*	*-1.4%*
Other expense (income), net	9,532 (1)	(137)	9,669	9,904 (1)	(1,951)	11,855
Operating loss	(31,276)	(2,483)	(28,793)	(39,091)	(23,025)	(16,066)
% of net sales	*-42.3%*	*-2.6%*	*-39.7%*	*-10.7%*	*-6.1%*	*-4.6%*
Interest expense, net	12,080	11,056	1,024	46,389	43,064	3,325
Loss on extinguishment of debt	-	-	-	-	5,951	(5,951)
Non-operating other income, net	(534)	(1,258)	724	(1,139)	(1,554)	415
Loss before income taxes	(42,822)	(12,281)	(30,541)	(84,341)	(70,486)	(13,855)
Provision (benefit) for income taxes	(15,108)	764	(15,872)	(20,924)	1,740	(22,664)
Net loss	(27,714)	(13,045)	(14,669)	(63,417)	(72,226)	8,809
% of net sales	*-37.5%*	*-13.8%*	*-23.7%*	*-17.4%*	*-19.1%*	*1.7%*
Diluted EPS	$ (1.30)	$ (0.75)	$ (0.55)	$ (3.44)	$ (3.74)	$ 0.30
EBITDA (2)	(13,678)	16,101	(29,779)	31,622	51,155	(19,533)
Adjusted EBITDA (2)	$ 7,203	$ 25,070	$(17,867)	$ 69,345	$ 77,689	$ (8,344)

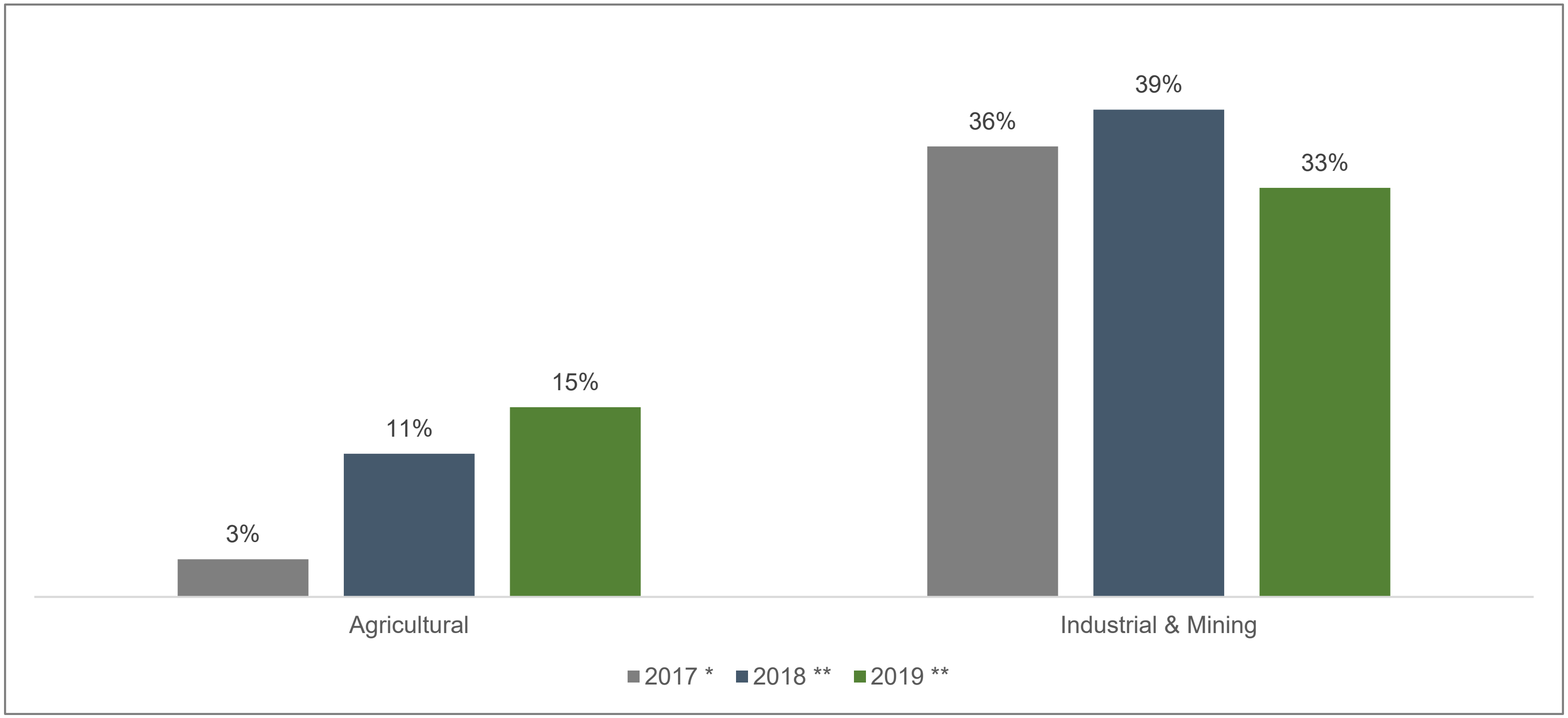
(1) Includes $9.7 million non-cash write-down of non-core capital assets, spare parts, and capital spares.
(2) Refer to Appendix for reconciliation of EBITDA and Adjusted EBITDA.

Fourth Quarter – 2019 vs. 2018
($ In Millions)



Industrial & Mining Margins Robust While Agricultural Margins on Path to Recovery

Gross Profit Margin by Market



* 2017 reflects EBITDA Margin which excludes turnaround, corporate SG&A, and businesses disposed of during 2017. This is a non-GAAP measure. Refer to the 2017 EBITDA Reconciliation page within this presentation for 2017 reconciliation of end market operating loss to adjusted EBITDA.

** 2018 and forward periods reflect gross profit margin which excludes turnaround, depreciation, and amortization expenses. This is a non-GAAP measure. Refer to the Gross Profit Reconciliation page within this presentation for 2018 and 2019 reconciliation of adjusted gross profit to reported gross profit.

Free Cash Flow

$ In Millions	Twelve Months Ended December 31, 2019	2018	Change
Net Cash provided by Operating Activities	**$ 2.1**	**$ 17.6**	**$ (15.5)**
Capital expenditures for property, plant & equipment	(36.1)	(30.4)	(5.7)
Free Cash Flow from Operations and Investing[1]	**$ (34.0)**	**$ (12.8)**	**$ (21.2)**
Proceeds from 9.625% senior secured notes, net of discount and fees	35.1	390.5	(355.4)
Payments on senior secured notes	-	(375.0)	375.0
Debt-related costs	(1.1)	(13.8)	12.7
Net payments of debt, short-term financing, and other	(3.4)	(1.2)	(2.2)
Net cash provided by financing	30.6	0.5	30.1
Other[2]	0.1	4.6	(4.5)
Decrease in Cash and Cash Equivalents	**$ (3.3)**	**$ (7.6)**	**$ 4.3**

(1) 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.

(2) Other in 2018 primarily includes $2.7 million net proceeds from the release of escrow related to the sale of discontinued operations (NIBE escrow) as well as $1.5 million net proceeds on property insurance recoveries at El Dorado.

Capital Structure

$ In Millions	12/31/19
Cash	**$ 22.8**
Senior Secured Notes	435.0
Working Capital Revolver ($42.1 mm of availability at 12/31/19)	-
Other Debt	36.3
Unamortized Discount and Debt Issuance Costs	(12.3)
Total Long-Term Debt, Including Current Portion, net	**$ 459.0**
Series E and F Redeemable Preferred Stock ($242.8 million aggregate liquidation preference including accrued dividends)	**234.9**
Total Stockholders' Equity	**$ 247.3**
Total Liquidity (Cash plus ABL availability)	**$ 64.9**

Key Information:

Senior Secured Notes

- $435 million at 9.625%
- Due May 2023

Redeemable Preferred Stock

- $242.8 million at 14%
- Callable at par
- First put date October 2023

Working Capital Revolver

- $75 million (Prime + 50 bps)
- Expires February 2024

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		
	Q1 2019 Actual Average Selling Prices	Q1 2020 Current/Expected Average Selling Prices	Change		Annual EBITDA Impact
UAN[1]	$213 / ST	$150 / ST	$10.00	+/-	$4.8mm
HDAN[1]	$232 / ST	$225 / ST	$10.00	+/-	$3.0mm
Tampa Ammonia[1]	$282 / MT	$250 / MT	$10.00	+/-	$4.0 mm
Illustrative Impact from $10/ton change				+/-	**~$11.8mm**
Natural Gas ($/MMBtu)	$2.91 / MMBtu	$2.15 / 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.*

Decline in average selling prices partially offset by volume growth outlined on slide 11

2020 Outlook

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Sales Volume:	Full Year 2020 Sales (tons)	Full Year 2019 Actual Sales (tons)	% Growth [1]
Agriculture:		(includes lost sales related to EDC and Pryor turnarounds)	
UAN	465,000 – 485,000	360,000	32%
HDAN	285,000 – 305,000	278,000	6%
Ammonia	105,000 – 125,000	84,000	37%
Industrial, Mining and Other:			
Ammonia	260,000 – 280,000	275,000	-
LDAN/HDAN and AN solution	205,000 – 225,000	171,000	26%
Nitric Acid and Other Mixed Acids	105,000 – 125,000	100,000	15%
Sulfuric Acid	145,000 – 165,000	135,000	15%
DEF	20,000 – 30,000	16,000	56%

Operating:		
Ammonia On-Stream Rates:	Average 94% across three plants	Averaged 91% across three plants (excluding turnarounds)
Ammonia Production (tons)	860,000 – 880,000	742,000
Turnarounds:	No planned turnarounds	Pryor - 67 days in Q3/Q4 El Dorado - 18 days in Q3 Approximately $13 million in turnaround expense

(1) Represents growth from midpoint of full year 2020 sales ton range as compared to 2019.

2020 Outlook (continued)

Financial (Full Year):	
Variable Plant Expenses:	
Natural gas feedstock costs (on average)	~ 32 MMBtu/ton of ammonia
Electricity	5.0% – 7.0% of sales
Catalyst expense (burnoff)	1.0% – 2.0% of sales
Freight	9.0% – 11.0% 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) and Operational Initiatives Cost:	$100 million – $110 million
Logistics/Rail Car Lease Expense:	$10 million – $15 million
SG&A:	$35 million – $40 million
Depreciation Expense:	$70 million – $75 million
Interest Expense:	$45 million – $50 million
Total CAPEX:	$25 million – $30 million

Positioned for Growth and Improved Financial Performance in 2020

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Recently completed maintenance and upgrades to our facilities

- Completion of extensive ammonia turnaround at Pryor
- New Urea Reactor installed at Pryor
- New Sulfuric Acid Converter installed at El Dorado
- 10 percentage point improvement in ammonia on-stream rate 2016-2019
- Targeting 94% ammonia on-stream rate in 2020

Continued broadening of our distribution through aggressive sales and marketing programs

- New contract awards with existing customers
- Geographic expansion into markets outside the United States
- Continued focus on upgrading margins
- Added additional storage capacity

Executing on key margin enhancement projects

- Phased execution of margin enhancement projects
- Engineering completed on several key projects
- Key storage project near completion allowing us to position product and produce at increased levels
- Enhanced loading and additional storage awaiting final contract award

EBITDA Reconciliation

LSB Consolidated ($ In Thousands)	Three Months Ended December 31, 2019	Three Months Ended December 31, 2018	Twelve Months Ended December 31, 2019	Twelve Months Ended December 31, 2018
Net loss	**($27,714)**	**($13,045)**	**($63,417)**	**($72,226)**
Plus:				
Interest expense	12,080	11,056	46,389	43,064
Loss on extinguishment of debt	-	-	-	5,951
Depreciation, depletion and amortization	17,064	17,326	69,574	72,626
Provision (benefit) for income taxes	(15,108)	764	(20,924)	1,740
EBITDA (1)	**($13,678)**	**$16,101**	**$31,622**	**$51,155**
Stock-based compensation	421	4,074	2,220	8,358
Severance costs	615	2,646	615	2,646
Legal fees (Leidos)	3,843	1,816	9,601	4,836
Loss (gain) on sales of other property and equipment	10,564	287	11,221	(1,637)
Fair market value adjustment on preferred stock embedded derivatives	(437)	(1,328)	(558)	(1,249)
Consulting costs associated with reliability and purchasing initiatives	502	1,358	1,414	3,812
Turnaround costs	5,373	116	13,210	9,768
Adjusted EBITDA (2)	**$7,203**	**$25,070**	**$69,345**	**$77,689**

(1) EBITDA is defined as net income (loss) plus interest expense, plus loss on extinguishment of debt, plus depreciation, depletion and amortization (DD&A) (which includes DD&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)	Three Months Ended December 31, 2019	Three Months Ended December 31, 2018	Twelve Months Ended December 31, 2019	Twelve Months Ended December 31, 2018
Net sales				
Agricultural	$32,851	$40,873	$187,641	$187,164
Industrial and Mining	41,045	53,857	177,429	190,996
Total net sales	**$73,896**	**$94,730**	**$365,070**	**$378,160**
Gross Profit				
Agricultural (1)	(481)	8,481	28,453	21,406
Industrial and Mining (1)	10,312	20,795	58,005	74,381
Adjusted gross profit by market (1)	**$9,831**	**$29,276**	**$86,458**	**$95,787**
Depreciation and amortization (2)	(16,735)	(16,749)	(68,263)	(70,184)
Turnaround expense	(5,373)	(116)	(13,210)	(9,768)
Total gross profit (loss)	**($12,277)**	**$12,411**	**$4,985**	**$15,835**
Gross Profit Margin				
Agricultural (3)	-1%	21%	15%	11%
Industrial and Mining (3)	25%	39%	33%	39%
Adjusted gross profit by market (3)	**13%**	**31%**	**24%**	**25%**
Total gross profit margin (3)	**-17%**	**13%**	**1%**	**4%**

(1) Represents a non-GAAP measure since the amount excludes depreciation, amortization, and Turnaround expenses.

(2) Represents amount classified as cost of sales.

(3) As a percentage of the respective net sales.

2017 EBITDA Reconciliation

$ in Thousands	Agricultural	Industrial and Mining	Turnaround	Corporate SG&A and Other	Consolidated (Excl. Summit/Zena)	Summit/Zena	Consolidated (As Reported)
Reported Net Sales	**$ 184,054**	**$ 234,883**	**$ -**	**$ -**	**$ 418,937**	**$ 8,567**	**$ 427,504**
Impact of ASC 606 - Industrial	-	(65,355)	-	-	(65,355)	-	(65,355)
Revenue from businesses sold in 2017	-	-	-	-	-	(8,567)	(8,567)
Total Adjusted Net Sales (1)	**$ 184,054**	**$ 169,528**	**$ -**	**$ -**	**$ 353,582**	**$ -**	**$ 353,582**
Operating loss	**$ (27,112)**	**$ 28,274**	**$ (1,321)**	**$ (30,845)**	**$ (31,004)**	**$ (3,087)**	**$ (34,091)**
Non operating other income	-	-	-	306	306	-	306
Depreciation	32,515	33,198	-	2,574	68,287	856	69,143
Reported EBITDA (2)	**$ 5,403**	**$ 61,472**	**$ (1,321)**	**$ (27,965)**	**$ 37,589**	**$ (2,231)**	**$ 35,358**
EBITDA Adjustments Reported							
Stock-Based Compensation	-	-	-	5,213	5,213	-	5,213
Derecognition of Death Benefit Accrual	-	-	-	(1,425)	(1,425)	-	(1,425)
Loss (gain) on Sale of a Business and Other Property and Equipment	-	-	-	2,179	2,179	4,798	6,977
Fair Market Value Adjustment on Preferred Stock Embedded Derivatives	-	-	-	103	103	-	103
Adjusted EBITDA (3)	**$ 5,403**	**$ 61,472**	**$ (1,321)**	**$ (21,895)**	**$ 43,659**	**$ 2,567**	**$ 46,226**
Adjusted EBITDA margins on adjusted net sales	**3%**	**36%**					

(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 2017 consistent with accounting treatment used for the same period in 2018. ASC 606 had no net impact on operating income. Additionally, net sales is adjusted to remove revenue associated with businesses sold in 2017.

(2) EBITDA is defined as net income (loss) plus interest expense, plus loss on extinguishment of debt, plus depreciation, depletion and amortization (DD&A) (which includes DD&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.

(3) 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 2018 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.

Consolidated EBITDA

Sensitivity Analysis (*$ In Millions*)

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Significant Earnings Power at Optimal Operating Rates

Average Tampa Ammonia Price/MT For A Year	Average Natural Gas Price Per MMBTU For A Year: $2.50	$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

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