



Investor Presentation



10th Annual
Farm to Market Conference

May 20-21, 2015 | New York City

Safe Harbor Statement



The information contained in the presentation materials contain certain forward-looking statements. All these statements, other than statements of historical fact, are forward-looking statements.

Statements that include the words “expect,” “intend,” “plan,” “believe,” “project,” “anticipate,” “estimate” and similar statements of the future or of a forward-looking nature identify forward-looking statements, including but not limited to future natural gas costs; ammonia costs; grain or corn demand or production; construction trends and demand; the outlook for the chemical or climate control business; capital spending for remainder of 2015 at our El Dorado facility; major investments at certain chemical facilities to reduce cost, increase facility reliability, increase production capacities and reduce unplanned downtime; positioned to benefit from strong agricultural markets with favorable margins; increase margins; climate control poised to benefit from economic recovery; improvement in commercial, institutional, multi-family and single family construction; trend for higher energy efficiency products; impact of HVAC systems on the environment and cost to operate; executing our strategic plan to drive growth and enhance shareholder value; increased profits; 2015 outlook as to El Dorado plant expansions and completion and startup of these expansion projects; sales at our climate control business; and future EBITDA targets and financial metrics.

You should not rely on the forward-looking statements because actual events or results may differ materially from those indicated by these forward-looking statements as a result of a number of important factors. We incorporate the risks and uncertainties discussed under the headings “Risk Factors” and “A Special Note Regarding Forward-looking Statements” in our Form 10-K for the fiscal year ended December 31, 2014 and our Form 10-Q for the quarter ended March 31, 2015, which contain a discussion of a variety of factors which could cause the future outcome to differ materially from the forward-looking statements discussed in this investor presentation. We undertake no duty to update the information contained in this investor presentation.

The term EBITDA, as used in this presentation, is net income plus interest expense, depreciation, amortization, income taxes, and certain non-cash charges, unless otherwise described. EBITDA is not a measurement of financial performance under GAAP and should not be considered as an alternative to GAAP measurement. The Company believes 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 as it does not reflect all items of income, or cash flows that affect the company’s financial performance under GAAP and should not be considered in isolation or as a substitute for net income, operating income, cash flow from operations or other consolidated cash flow data prepared in accordance with GAAP. The reconciliation of GAAP and any EBITDA numbers as of the three months ended March 31, 2015 and March 31, 2014 and trailing twelve months ended March 31, 2015 and March 31, 2014 discussed in this investor presentation are included in the appendix of this presentation.

Why LSB? Executing on Strategic Plan to Drive Growth and Enhance Shareholder Value



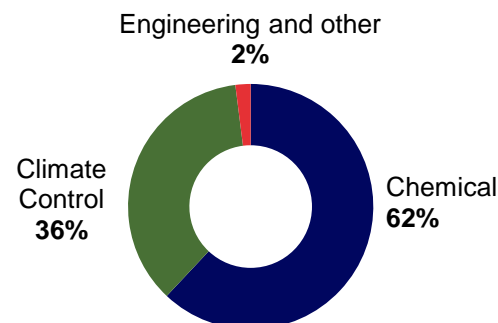
- 1 Operates well-diversified business with differentiated market positions across two distinct business segments
- 2 Well-positioned in end markets with attractive industry fundamentals
- 3 Implementing operating and capital improvement plan to enhance plant performance and reliability
- 4 Solid financial position
- 5 Focused on creating and delivering value to shareholders

Business Overview

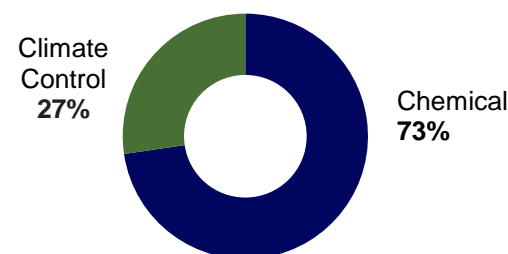
Business overview

- Diversified industrial manufacturer of chemicals and HVAC products sold into a wide range of end markets
- Founded in 1968 and headquartered in Oklahoma City, OK; publicly traded (NYSE: LXU)
- Chemical business operates 4 production facilities
 - El Dorado, Arkansas
 - Cherokee, Alabama
 - Pryor, Oklahoma
 - Baytown, Texas
- Climate Control business operates 7 facilities located in Oklahoma City (over 1 million square feet)
- Financial snapshot:
 - LTM 3/31/15 net sales of \$747.8 million
 - LTM 3/31/15 EBITDA of \$78.7 million

Net sales by business segment (LTM 3/31/15)



EBITDA by business segment (LTM 3/31/15)



Note: Excludes unallocated corporate expenses.

LSB operates a well-diversified business with differentiated market positions across two distinct business segments

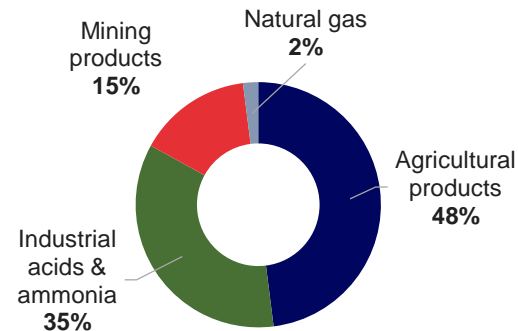
One of LSB's Two Core Businesses – Chemical



Business overview

- Provides nitrogen based agricultural, mining and industrial chemicals to North American market
- Leading merchant marketer of nitric acid in the U.S.
- Major investments underway to reduce costs and increase facility reliability and capacity
- Positioned to benefit from strong agricultural market with favorable margins

Sales mix



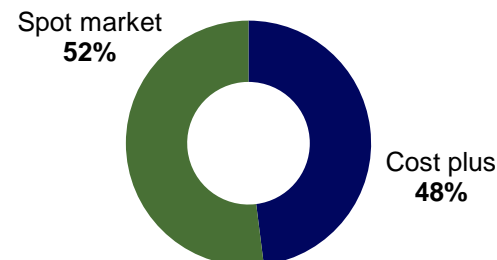
A key strategy is to optimize sales mix: industrial vs. agricultural

LTM 3/31/15 sales: \$466 million

Select customers







Cost-plus agreements versus spot market sales



Approximately half our sales are non-seasonal and priced pursuant to cost-plus agreements

Chemical Facilities

Facility		El Dorado	Cherokee	Pryor	Baytown
					
Location		El Dorado, AR	Cherokee, AL	Pryor, OK	Baytown, TX
Year Acquired/Built		1983	1999	2000	2000
Ammonia Design		Kellogg	Kellogg	Pritchard	-
Plant Area (acres)		150	160	47	2
Site Area (acres)		1,400	1,300	104	Bayer Material Science's site
Feedstock		ammonia	natural gas	natural gas	ammonia
Agricultural Products	UAN		x	x	
	High Density AN	x			
	Ammonia		x	x	
	Urea		x	x	
Industrial & Mining Products	Nitric Acid	x	x	x	x
	Concentrated Nitric Acid	x			
	Sulfuric Acid	x			
	Mixed Acid	x			
	Carbon Dioxide		x	x	
	Ammonia		x	x	
	DEF		x		
	Low Density AN	x			
	AN solutions	x	x		
Transportation to Market		truck, rail	truck, rail, pipeline, barge	truck, rail	truck, pipeline

Annual Production Capacity of Products Available for Sale



(Tons in thousands)

Facility:		El Dorado	Cherokee	Pryor	Baytown	Total
Feedstock		Ammonia / Natural gas	Natural gas	Natural gas	Ammonia	
Ammonia Production Capacity		220 ⁽¹⁾ / 375	175	215	–	610 / 765
Products Available for Sale						
Agricultural Products	UAN		215	300		515
	High Density AN ⁽²⁾	110 / 300				110 / 300
	Ammonia	125		85		85 / 210
Industrial & Mining Products	Nitric Acid	45 / 50	30		410	485 / 490
	DEF		15			15
	Low Density AN ⁽²⁾	220 / 220				220
	AN Solutions		145			145
	Ammonia		30			30

Red Font = production capacities after the completion of the ammonia and nitric acid expansion projects at El Dorado

(1) Represents amount of ammonia currently purchased

(2) Combined annual low density and high density AN production capacity is limited to 330,000/TPY due to the loss in 2012 of 90,000/TPY of nitric acid production capacity

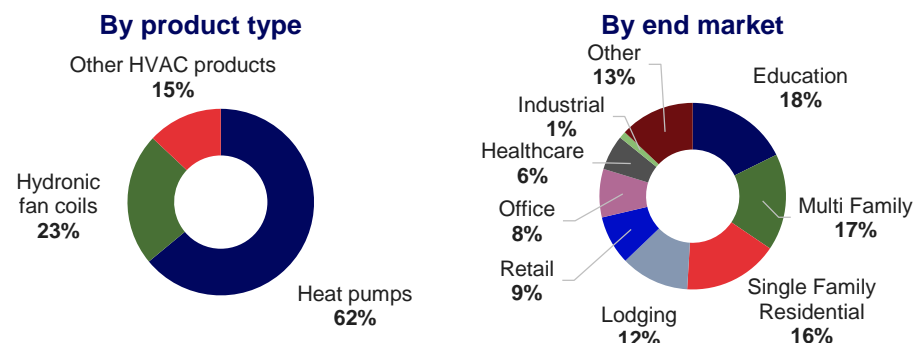
One of LSB's Two Core Businesses – Climate Control



Business overview

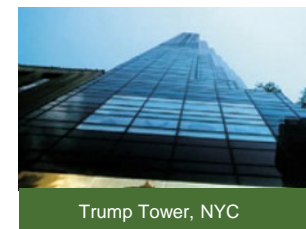
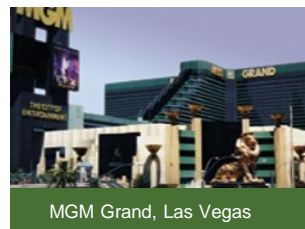
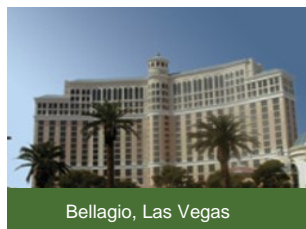
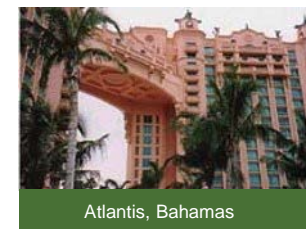
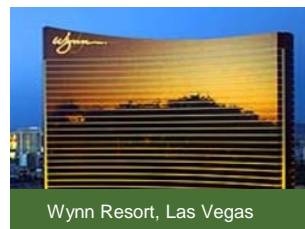
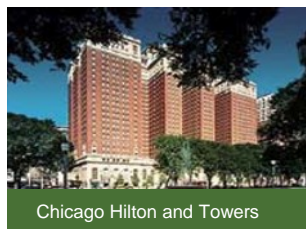
- Provides specialty HVAC products to commercial, institutional and residential new construction, renovation and replacement markets, emphasis on green products
- Market and technology leader for water source and geothermal heat pumps, and hydronic fan coils
- Poised to benefit from the economic recovery, long-term trend toward green construction, and growth of emerging products

Sales mix



LTM 3/31/15 sales: \$270 million

Significant installed base of Climate Control products






Market Overview

LSB is well-positioned in end markets with attractive industry fundamentals

Chemical Business



Diverse products with broad application

	 Products	 Uses	 Competitors
Agro-Chemicals 48% of sales	<ul style="list-style-type: none"> • Urea ammonium nitrate solutions (UAN) • Ammonium nitrate - high density prills (AN) • Ammonia 	<ul style="list-style-type: none"> • Fertilizer for corn and other crops • Primary nitrogen component in NPK fertilizer blends • High nitrogen content fertilizer primarily used for corn 	<ul style="list-style-type: none"> • CF Industries, PCS, Koch Industries, Rentec, CVR Partners, imports • CF Industries, imports • Various
Industrial Acids, Ammonia & DEF 35% of sales	<ul style="list-style-type: none"> • Nitric acid • Sulfuric acid • Ammonia • Diesel exhaust fluid (DEF) 	<ul style="list-style-type: none"> • Semi-conductor, nylon, polyurethane intermediates, ammonium nitrate • Pulp and paper, alum, water treatment, metals and vanadium processing • Power plant emissions abatement, water treatment, refrigerants, metals processing • Exhaust stream additive to reduce NO_x emissions from diesel vehicles 	<ul style="list-style-type: none"> • CF Industries, PCS • Cytec, Chemtrade Logistics • Various • Various
Mining Products 15% of sales	<ul style="list-style-type: none"> • Ammonium nitrate – low density prills (AN) and AN solutions • Specialty E2 ammonium nitrate 	<ul style="list-style-type: none"> • Specialty emulsions for mining applications • Surface mining, quarries, construction 	<ul style="list-style-type: none"> • CF Industries, PCS, Dyno Nobel America • Imports

Agro Chemicals – Attractive Industry Fundamentals



World situation

- Growing populations
- Developing economies
- Changing dietary habits (from grain to meat)

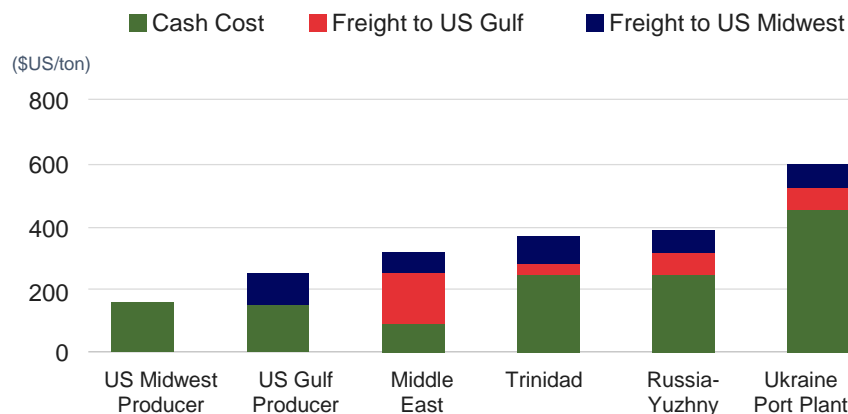
North American situation

- World grain shortages positively impact grain requirements in the U.S.
- Despite lower grain prices, the USDA is projecting less than a 2% drop in corn acres planted in 2015 versus 2014.
- Additional nitrogen application expected for spring 2015 to make up for 2014's delayed and shortened application season.
- U.S. grain stocks are at high levels leading to lower current and expected corn prices.

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.
- Natural gas is expected to average approximately \$3.00 per MMBtu for 2015.









U.S. Midwest delivered ammonia cost forecast



Source: Fertecon, PotashCorp (2014)

Climate Control – Serving the Commercial, Institutional, Residential and Industrial Sectors



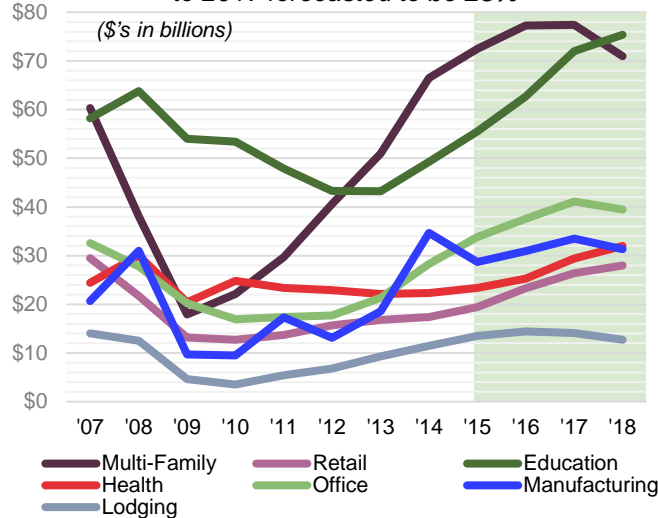
	 Products	 Uses	 Notes
Water Source & Geothermal Heat Pumps 62% of sales	<ul style="list-style-type: none"> Water Source Heat Pumps Geothermal Heat Pumps 	<ul style="list-style-type: none"> Heating and cooling <ul style="list-style-type: none"> Commercial / Institutional Single family residential including new construction, renovation and replacements 	<ul style="list-style-type: none"> Leading share in water source and geothermal heat pumps 
Hydronic Fan Coils 23% of sales	<ul style="list-style-type: none"> Hydronic Fan Coils 	<ul style="list-style-type: none"> Heating and cooling <ul style="list-style-type: none"> Commercial / Institutional new construction, renovation and replacements 	<ul style="list-style-type: none"> Leading share in hydronic fan coils 
Other HVAC Products 15% of sales	<ul style="list-style-type: none"> Large Custom Air Handlers Modular Chillers Make-up Air Units 	<ul style="list-style-type: none"> Commercial Institutional Industrial  	

Climate Control – Industry Fundamentals



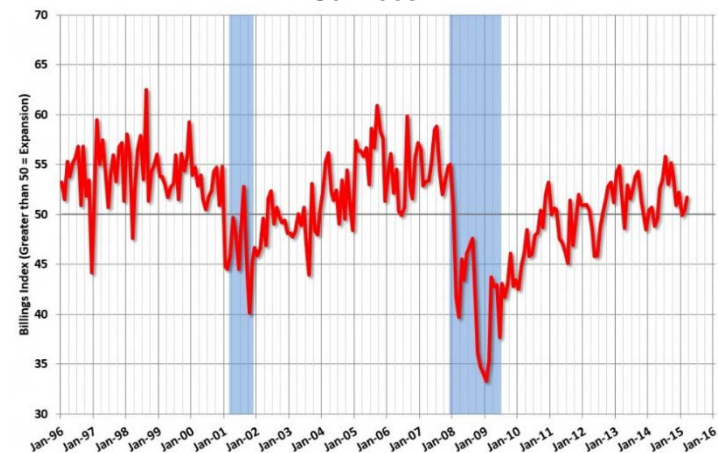
- ↑ Continued improvement in commercial and institutional new construction over the next two to three years
- ↑ Trend towards higher energy efficiency products in commercial/institutional sector
- ↑ Residential market increasingly aware of the impact their HVAC systems have on the environment and to the overall cost to run their homes
- ↓ Low natural gas prices having an impact on residential geothermal sales

Aggregate increase in construction from 2014 to 2017 forecasted to be 28%



Note: In 2014, these combined markets accounted for approximately 65% of total Climate Control sales and 78% of sales of commercial and institutional products.

ABI Continues to Show Positive Billings for Design Services



The Architectural Billings Index (ABI), produced by the American Institute of Architects (AIA) Economics & Market Research Group, is the leading economic indicator for non-residential construction spending nine to twelve months in the future. Scores above 50 indicate an aggregate increase in billings and scores below 50 indicate a decline.

LSB's Strategic Plan

LSB is implementing operating and capital improvement plan that is expected to drive shareholder returns

Executing on Strategic Plan to Drive Growth and Enhance Shareholder Value



Comprehensive upgrade of Chemical facilities

- Improve plant on-stream rates
- Reduce risks of unplanned downtime
- Improving safety and plant reliability

Pryor facility reliability improvements

- New senior management
- Additional engineering support
- Extensive monitoring and control equipment
- Remanufacture or replacement of certain key pieces of equipment
- Use of industry expert consultants

Expansion projects at El Dorado

- Cost reduction
- Capacity expansion
- Product balance capability enhancement

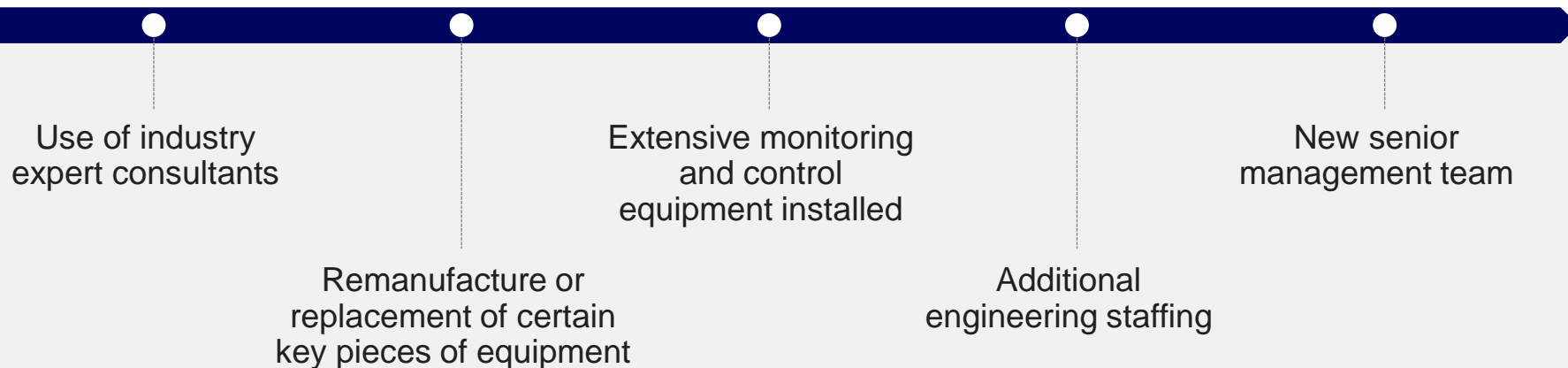
Positioning the Climate Control business to generate significant margins

- Growth in Climate Control business as construction cycle recovers
- LEAN / operational initiatives in our Climate Control business
- Increased profits through operating leverage
- New management at ClimateMaster

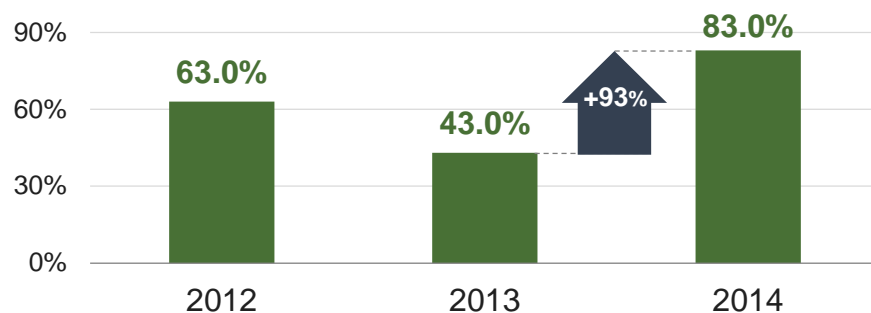
Significant Progress Has Been Made to Improve Reliability at Pryor



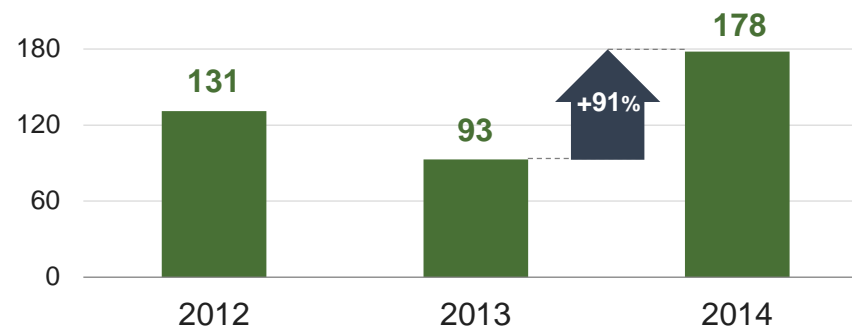
Key initiatives undertaken to-date



Ammonia On-Stream Rate



Ammonia Tons Produced
(tons in thousands)

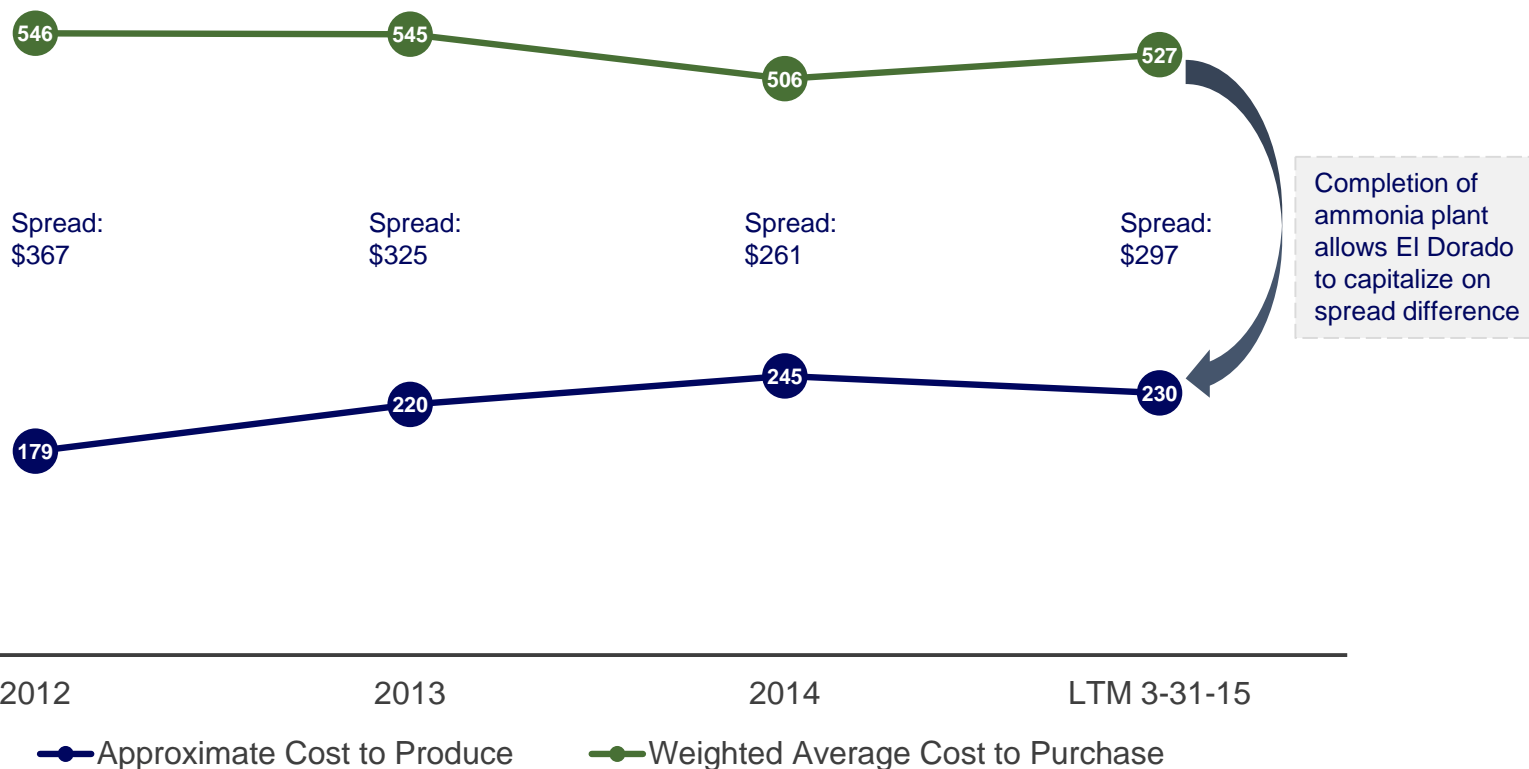


El Dorado expansion expected to significantly improve margins beginning in 2016



Ammonia: Produce vs. Purchase Spread at El Dorado

(avg. cost in \$ per ton)



The spread between purchased and produced ammonia at El Dorado has averaged over \$300 for the past three years

El Dorado Expansion Expected to Improve Operations/reliability and Capacity

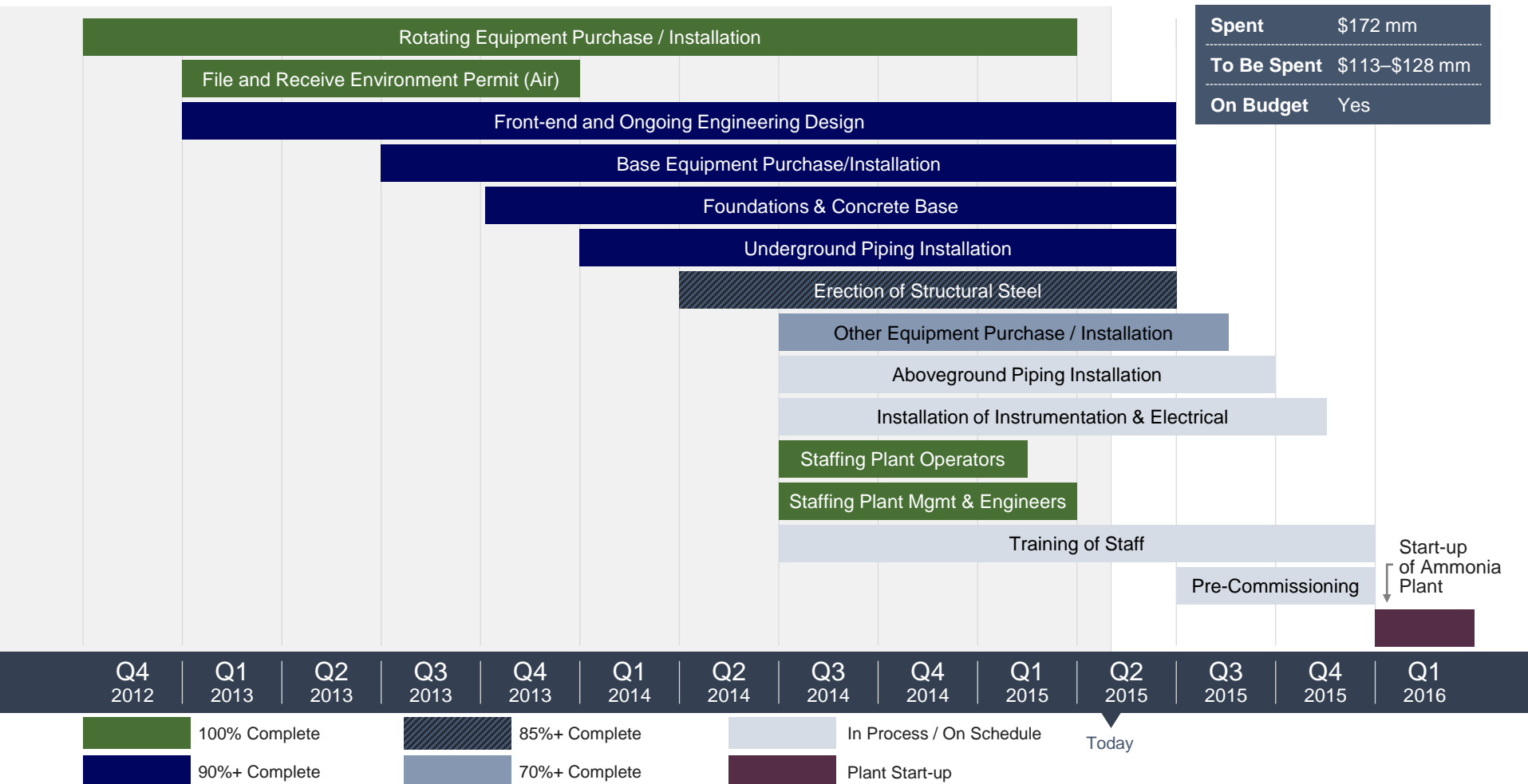


	Overview and benefits	Progress to date	2015 outlook
El Dorado Ammonia Plant	<ul style="list-style-type: none"> Capital investments of \$285–\$300 million Reduces costs significantly (versus purchased ammonia) Enhanced product balance opportunities New production capacity <ul style="list-style-type: none"> Currently purchase ~220,000 tons per year (“TPY”) New ammonia plant capacity of ~375,000 TPY 	<ul style="list-style-type: none"> \$172 million spent through 3/31/15 Front-end engineering design completed Foundations and plant infrastructure well in place Commenced staffing and training in preparation for plant start-up beginning Q1 2016 	<ul style="list-style-type: none"> \$113-\$128 million to be spent to complete project Complete aboveground piping, instrumentation and electrical and staffing and training Mechanical completion of plant Complete commissioning in Q4 2015 and start-up beginning in Q1 2016
El Dorado Nitric Acid Plant and Concentrator	<ul style="list-style-type: none"> Capital investments of \$125–\$130 million Improves operating characteristics Enhanced product balance opportunities Replaces acid capacity and adds additional capacity for a total of 370,000 TPY 	<ul style="list-style-type: none"> \$105 million spent through 3/31/15 Detailed engineering completed to allow for project cost and schedule control Foundations, structural steel and underground piping completed Commenced staffing and training in preparation for start-up in Q3 2015 	<ul style="list-style-type: none"> \$20-25 million to be spent to complete project Complete above ground piping and instrumentation and electrical in Q1/Q2 2015 Complete commissioning, staffing and training in Q2/Q3 2015 Start-up of both plants in Q3 2015

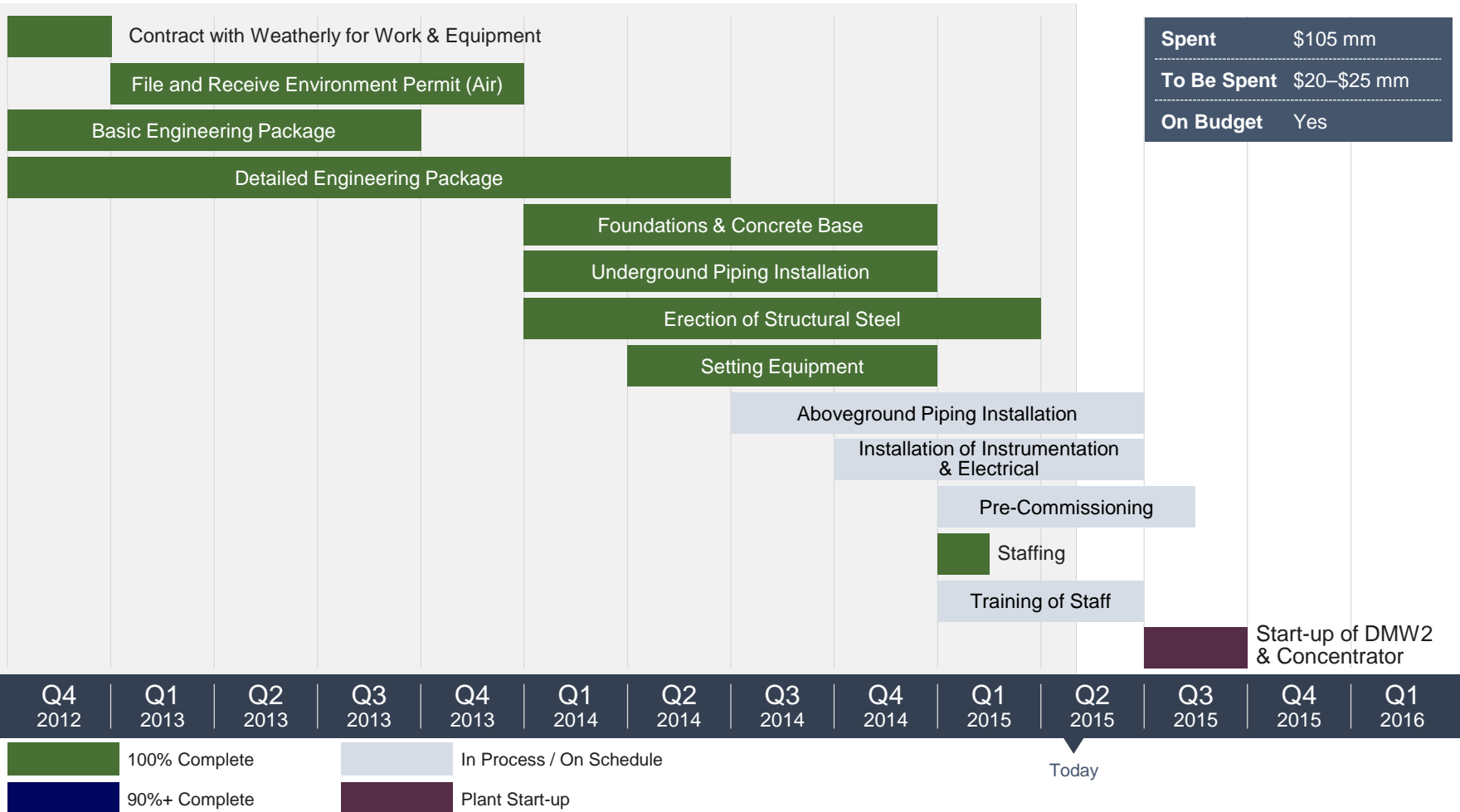
Completion of El Dorado projects expected by Q1 2016, on budget and on schedule with contemplated plan

Note: El Dorado expansion projects also include a total of \$85-90 million related to other support infrastructure (OSBL)

El Dorado Ammonia Plant Project on Time and on Budget



Nitric Acid Plant & Concentrator Project Timeline

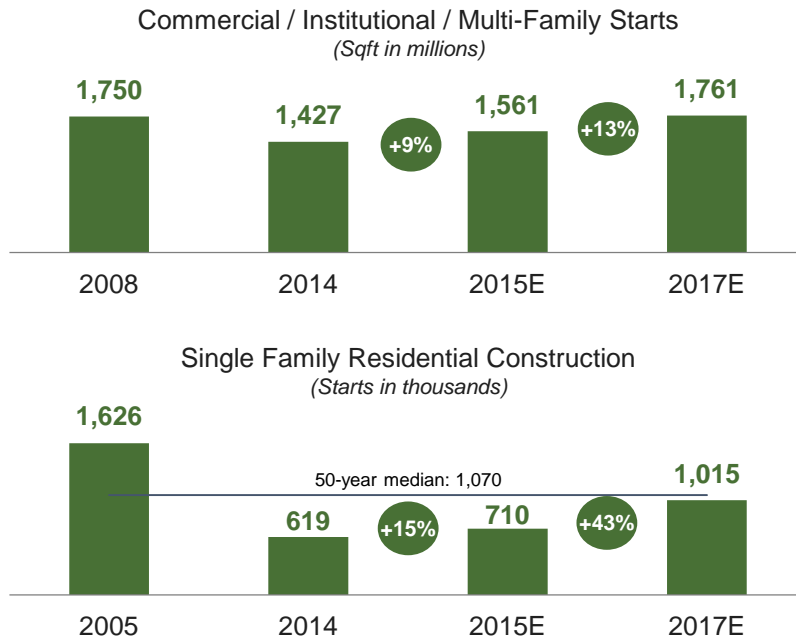


Climate Control Continues to Rebound From End-Market Recovery and Internal Initiatives



Construction markets are poised for a continued recovery to pre-recession levels...

- Significant upside as industry drivers return to levels at / near historical norms
 - Driven by high energy efficiency



Source: Dodge Data & Analytics Construction Market Forecasting Service, Q2 2015; 50 Year Median – Census Bureau



...and Climate Control has further benefited from internal initiatives

- 1 LEAN Operational Excellence Initiatives
- 2 Strategic use of the current manufacturing footprint creates operating leverage on increased sales
- 3 Introduction / commercialization of new products to further grow market share
- 4 New marketing approach to gain additional sales
- 5 Replacement of management at ClimateMaster, the Company's largest Climate Control business in order to capture the significant growth potential

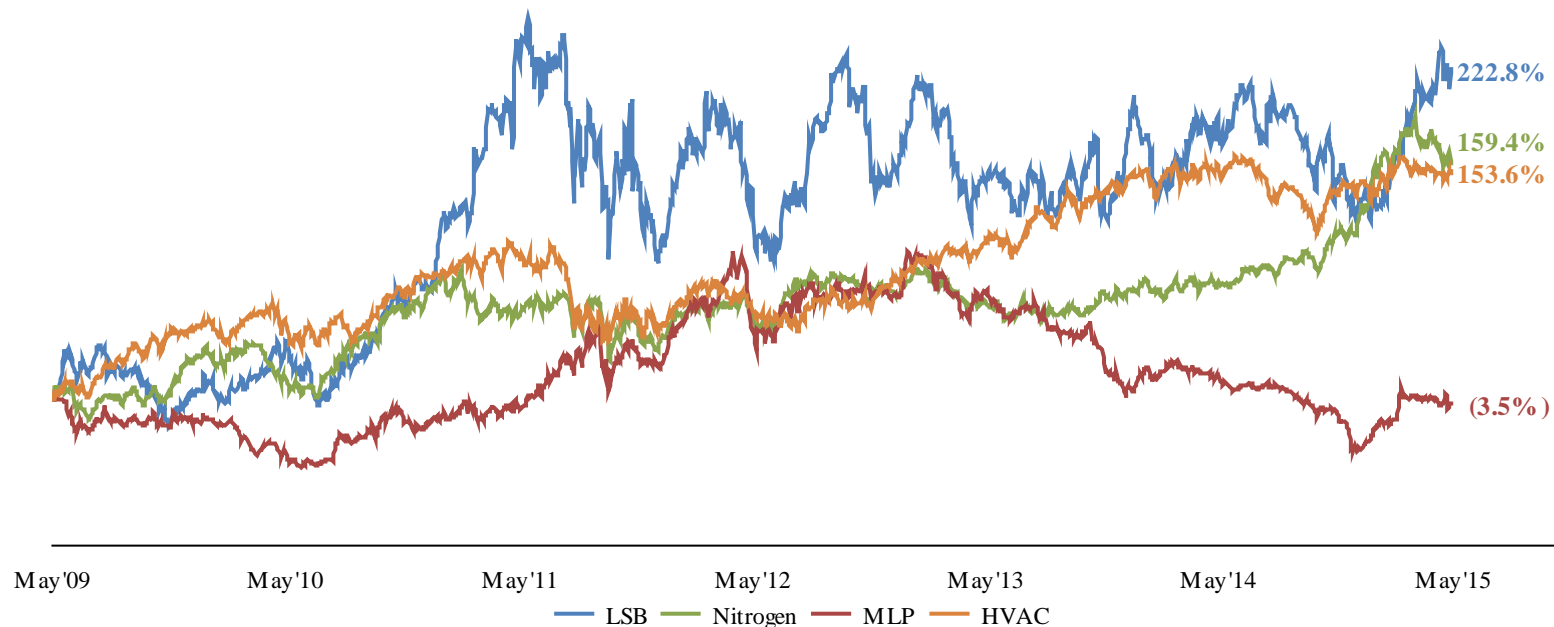
Financial Overview

LSB has a solid financial position

The Company Has Delivered Value to Shareholders, Having Outperformed Its Peer Group Coming Out of the Financial Crisis



Indexed share price performance – last 6 years



LSB's Board and management have a track-record of delivering shareholder value

Notes: Nitrogen: Acron, Agrium, CF Industries, Incitec Pivot and Yara International

MLP: CVR Partners, Rentech Nitrogen Partners and Terra Nitrogen Company

HVAC: A.O Smith, AAON, Generac, Ingersoll-Rand, Johnson Controls, Lennox, Nortek, Schneider Electric and United Technologies

Segment Summary Statement of Income



Chemical Business

(\$ in millions)	Calendar Year Ended Dec. 31					3 Months Ended March 31,	
	2010	2011	2012	2013	2014	2014	2015
Sales	\$351.1	\$511.9	\$477.8	\$380.7	\$454.9	\$115.2	\$126.8
Gross Profit	49.3	130.7	97.7	46.2	66.6	28.4	21.8
Gross Profit %	14.0%	25.5%	20.4%	12.1%	14.6%	24.7%	17.2%
Operating Income	31.9	116.5	82.1	87.8	51.3	28.8	16.7
Segment EBITDA	\$45.0	\$131.2	\$98.5	\$111.4	\$82.2	\$36.3	\$24.5
Adjusted EBITDA ⁽¹⁾	\$37.7	\$122.6	\$91.2	\$16.8	\$56.3	\$8.3	\$24.5

Climate Control Business

(\$ in millions)	Calendar Year Ended Dec. 31					3 Months Ended March 31,	
	2010	2011	2012	2013	2014	2014	2015
Sales	\$250.5	\$281.6	\$266.2	\$285.0	\$265.4	\$60.3	\$65.2
Gross Profit	86.4	88.2	81.0	92.9	82.4	19.3	20.0
Gross Profit %	34.5%	31.3%	30.4%	32.6%	31.0%	32.0%	30.7%
Operating Income	35.3	32.8	25.8	30.4	21.7	4.3	4.3
Segment EBITDA	\$38.8	\$35.5	\$29.0	\$33.6	\$26.5	\$5.5	\$5.5

(1) Adjusted EBITDA excludes insurance recoveries of the following amounts: \$7.3mm in 2010, \$8.6mm in 2011, \$7.3mm in 2012, \$94.6mm in 2013, and \$28.0mm in 2014. Adjusted EBITDA for 2014 also excludes unrealized loss on forward natural gas purchase commitments of \$2.1mm. Adjusted EBITDA for Q1 2014 excludes \$28.0mm of insurance recoveries and no such adjustments for Q1 2015. See reconciliation on slides 30-31 of the appendix.

Capital Structure



(\$ in millions except ratios)

As of March 31, 2015	
Cash and Investments	\$211.1
Senior Secured Notes	425.0
Other Debt	30.7
Total Net Debt	\$244.6
TTM EBITDA	\$78.7
Net Leverage Ratio	3.1x
EBITDA / Interest Expense	2.6x

Overview of Outstanding Debt

Senior Secured Notes

- \$425 million
- 7.75%
- Due August 2019

Working Capital Revolver

- \$100 million (L + 150)
- \$75.6 million availability
- Expires April 2018

Ratings	Moody's	S&P
Corporate	Ba3	B+
First Lien	Ba3	B+
Outlook	Negative	Positive

2017 Chemical Targets



Chemical Business

Financial Metrics

2014–2017 Revenue Growth	12%+ CAGR
2017 EBITDA Margin	30%+
2017 Operating Margin	20%+

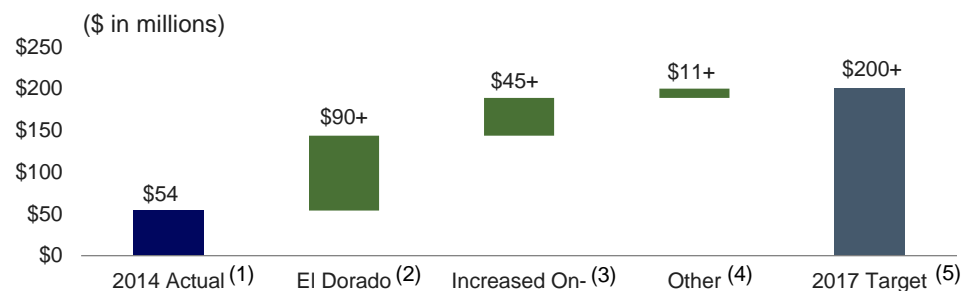
Annual Production (tons)

Gross Ammonia	750,000–800,000
Net Ammonia	220,000–250,000
UAN	475,000–525,000
AN and AN Solutions	650,000–700,000
Nitric Acid ⁽¹⁾	80,000–100,000

On-Stream Rates⁽²⁾

Ammonia plants	95%+
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EBITDA Target



Chemical Business Drivers

- Improved on-stream rates
- Expanded capacity
- Higher average daily production
- Lower feedstock costs at El Dorado
- Improved reliability
- Higher annual production

- (1) 2014 actual excludes \$28 million of insurance proceeds and does not normalize for unplanned downtime during the year
- (2) El Dorado expansion represents the projected EBITDA resulting from the operation of the new ammonia and nitric acid plants assuming \$500 per ton ammonia prices and \$5.00 per MMBtu natural gas prices
- (3) Assumes ammonia plants (Pryor and Cherokee) have an average on-stream rate of 95%+ for 2017
- (4) Turnaround expenses (Cherokee turnaround moved from annual to bi-annual turnaround)
- (5) Targeted segment EBITDA does not include unallocated corporate expenses

(1) Does not include Baytown facility's production

(2) Weighted average based on average daily production rates at El Dorado, Pryor, and Cherokee and assuming normal turnaround schedules

Chemical EBITDA – Sensitivity Analysis for 2017



(EBITDA - \$ in millions)

		Natural Gas per Mmbtu				
		\$5.00	\$4.50	\$4.00	\$3.50	\$3.00
Ammonia per Ton	\$600	\$265	\$273	\$282	\$290	\$299
	\$550	\$238	\$246	\$255	\$263	\$272
	\$500	\$211	\$219	\$228	\$236	\$245
	\$450	\$184	\$192	\$201	\$209	\$218
	\$400	\$157	\$165	\$174	\$182	\$191

Key factors in model above:

- Average ammonia plants on-stream rate of 95%+
- Average daily production rates are maintained
- Mining sales volumes replaced at El Dorado
- EDC ammonia plant and nitric acid plant are up and producing for the entire year
- Assumes that a \$50 per ton change in ammonia price is equivalent to a \$21 per ton change in UAN price and a \$23 per ton change in AN price

2017 Climate Control Targets

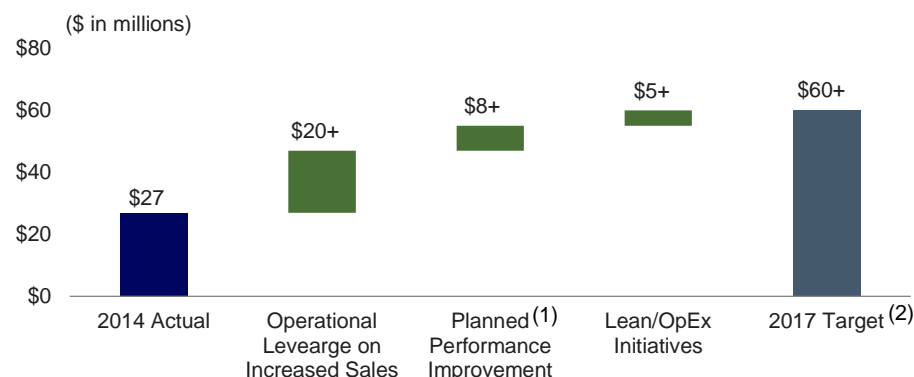
Climate Control Business

Financial Metrics

2014–2017 Revenue Growth	10%+ CAGR
2017 EBITDA Margin	15%+
2017 Operating Margin	14%+

- Operating leverage on incremental sales of **20%+**
- Lean/OpEx initiatives create additional **250+** basis points of margin
- **Minimal** working capital and capex requirements lead to strong segment FCF generation
- Selected bolt-on acquisitions could potentially enhance **revenue growth**

EBITDA Target



Climate Control Business Drivers

- Rebounding end market demand
- Operating leverage on higher volume
- New product introductions
- LEAN / operating expense initiatives

- (1) Planned performance improvement at our custom air handler, modular chiller and construction services businesses through increased sales and margins
- (2) Targeted segment EBITDA does not include unallocated corporate expenses

Appendix

EBITDA Reconciliations

Reconciliation of Consolidated Net Income and Segment Operating Income to Non-GAAP measurement EBITDA. Management uses operating income by business segment for purposes of making decisions that include resource allocations and performance evaluations. Operating income by business segment represents gross profit by business segment less selling, general and administrative expenses incurred by each business segment plus other income and other expense earned/incurred by each business segment before general corporate expenses.

The term EBITDA, as used in this presentation, is net income plus interest expense, depreciation, amortization, income taxes, and certain non-cash charges, unless otherwise described. EBITDA is not a measurement of financial performance under GAAP and should not be considered as an alternative to GAAP measurement.

(\$ in millions)	Twelve months ended 12-31					Three months ended 3-31	
	2010	2011	2012	2013	2014	2014	2015
LSB Industries, Inc. Consolidated							
Net income	\$ 29.6	\$ 83.8	\$ 58.6	\$ 55.0	\$ 19.6	\$ 11.6	\$ 6.6
Plus:							
Interest expense	7.4	6.7	4.2	14.0	21.6	6.7	3.4
Depreciation and amortization	17.4	18.8	20.7	28.4	36.1	8.7	9.4
Provisions for income taxes	19.8	46.2	33.6	35.3	12.4	7.7	4.2
Loss from discontinued operations	0.1	0.2	0.2	0.2	0.1	—	—
EBITDA	\$ 74.3	\$ 155.7	\$ 117.3	\$ 132.9	\$ 89.8	\$ 34.7	\$ 23.6
Climate Control Business							
Operating income	\$ 35.3	\$ 32.8	\$ 25.8	\$ 30.4	\$ 21.7	\$ 4.3	\$ 4.3
Plus:							
Equity in earnings of affiliate	1.0	0.5	0.7	0.4	0.1	0.1	—
Depreciation and amortization	2.5	2.2	2.5	2.8	4.7	1.1	1.2
EBITDA	\$ 38.8	\$ 35.5	\$ 29.0	\$ 33.6	\$ 26.5	\$ 5.5	\$ 5.5
Chemical Business							
Operating income	\$ 31.9	\$ 116.5	\$ 82.1	\$ 87.8	\$ 51.3	\$ 28.8	\$ 16.7
Plus:							
Non-operating income	—	—	—	—	0.3	0.1	—
Depreciation and amortization	13.1	14.7	16.4	23.6	30.6	7.4	7.8
EBITDA	\$ 45.0	\$ 131.2	\$ 98.5	\$ 111.4	\$ 82.2	\$ 36.3	\$ 24.5

Other Non-GAAP Reconciliations

Reconciliation of Chemical EBITDA. We believe that the inclusion of supplementary adjustments to EBITDA are appropriate to provide additional information to investors about certain unusual items. The following tables provide reconciliations of EBITDA excluding the impact of the insurance recoveries and unrealized loss on forward natural gas purchase commitments.

(\$ in millions)	Twelve Months Ended 12-31					Three Months Ended 3-31	
	2010	2011	2012	2013	2014	2014	2015
Chemical Business							
EBITDA	\$45.0	\$131.2	\$98.5	\$111.4	\$82.2	\$36.3	\$24.5
Less:							
Insurance recoveries	7.3	8.6	7.3	94.6	28.0	28.0	—
Unrealized loss on forward natural gas purchase commitments	—	—	—	—	(2.1)	—	—
Adjusted EBITDA	\$37.7	\$122.6	\$91.2	\$16.8	\$56.3	\$8.3	\$24.5

What Our Chemical Products Are Used For:



Agrochemical Products	Uses
Urea Ammonium Nitrate Solutions (UAN) 28-32% N Manufactured nitrogen content fertilizer	High nitrogen content fertilizer for corn and other crops with high nitrogen demand (wheat, milo, cotton)
E2 Ammonium Nitrate Prill (solid) 34% N High nitrogen content fertilizer	Nitrogen consuming crops, forage areas and citrus. The primary nitrogen component in NPK (nitrogen, phosphorus, potassium) fertilizer blends
Fertilizer Blends Custom blends with purchased phosphates, potassium, sulfur, micronutrients with produced ammonium nitrate	Special application for agri-business products to supply growers balanced fertility
Anhydrous Ammonia 82% N Gas injected application	High nitrogen content fertilizer with highest percentage use for corn
Industrial Acids, Ammonia, DEF	Uses
Concentrated Nitric Acid Aqueous solution up to 99% concentration	Production of specialty fibers, nitrocellulose, gaskets, crop chemicals, mining products, metal treatment, nitric acid commercial blends
Nitric Acid Commercial Blends Aqueous solution up to 89% concentration	Semi-conductor industry, manufacture of nylon and polyurethane intermediates, potassium nitrate compounds, ammonium nitrate production
Anhydrous Ammonia Commercial grade and high purity refrigeration, metallurgical grade	Air emission abatement in power plants, water treatment, refrigerants, metals processing, and a wide variety of industrial uses
Mixed Acids Blends of concentrated nitric acid and sulfuric acid/oleum	Diesel fuel additives, ordnance, herbicides and pharmaceutical grade nitroglycerine
Sulfuric Acid 98% and 93% concentrations, standard and low-iron grades	Pulp and paper manufacturing, alum, water treatment, metals processing, vanadium processing, other industrial uses
DEF (diesel exhaust fluid)	Exhaust stream additive to reduce NO _x emissions from diesel vehicles
Industrial Mining Products	Uses
Ammonium Nitrate Solutions 54% and 83% concentrations	Specialty emulsions for mining applications, other miscellaneous uses
Low Density Ammonium Nitrate Prills (solids) Solid pellets with good porosity and flowability	Surface mining, quarries, construction

Chemical Business – LSB's Agricultural Distribution

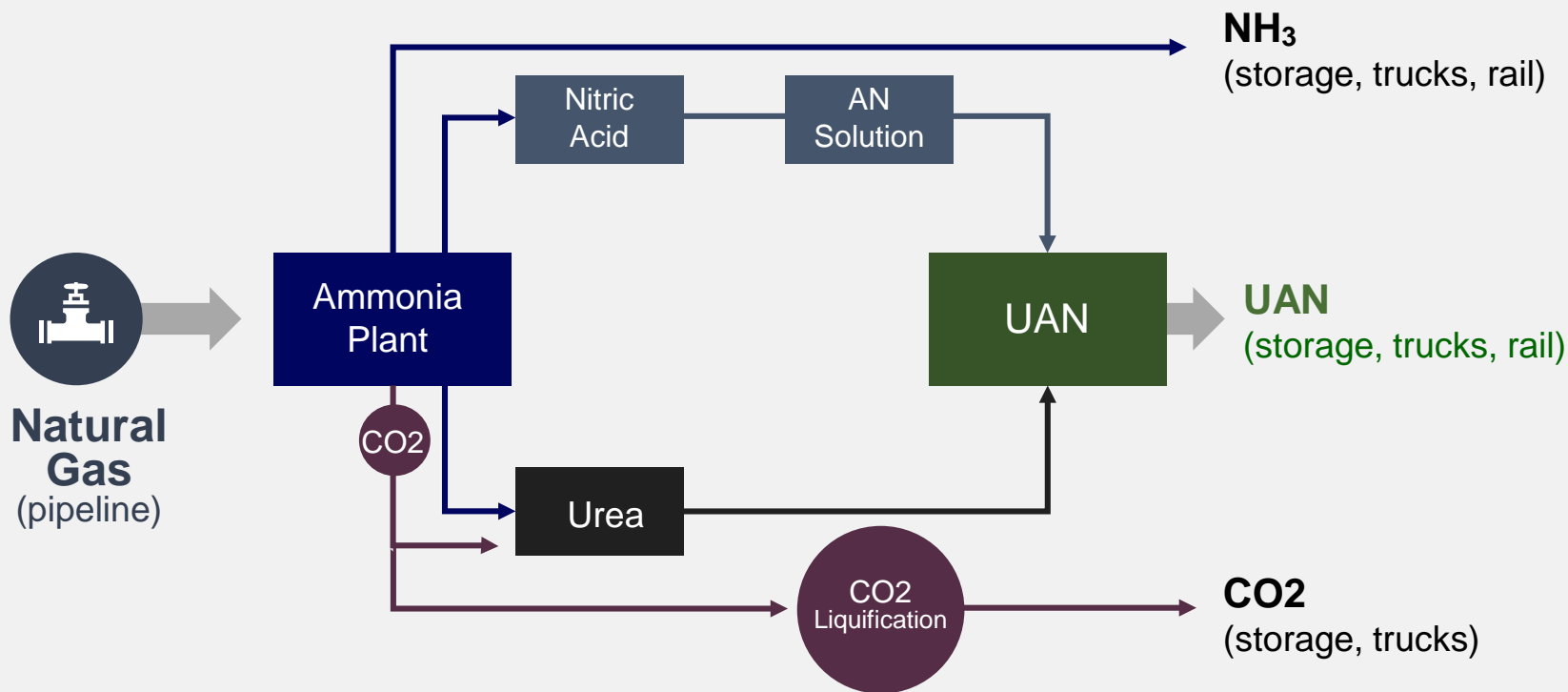


Pryor, OK	UAN	Koch	Southern Plains & Corn Belt
Cherokee, AL	UAN	Transammonia, The Andersons, CHS, Koch, et.al.	Eastern Corn Belt
El Dorado, AR	AN	Ag Centers - 35% Distributors & Dealers - 65%	Southern Plains, South Central, Midwest & West

- ✓ Multiple distribution channels
- ✓ Diverse geographic coverage
- ✓ Longstanding customer relationships
- ✓ Direct rail linkage to corn belt



Typical Facility Process Flow (Pryor)

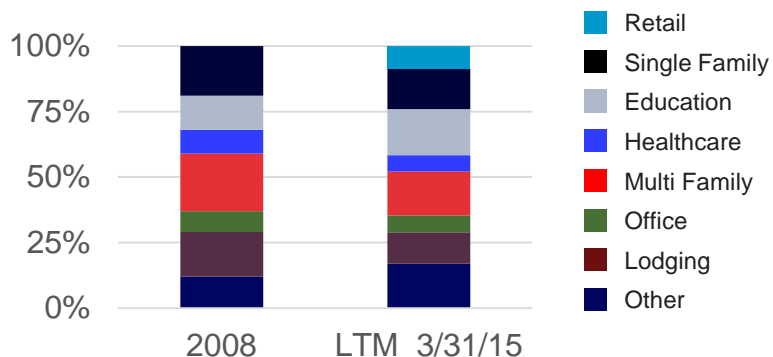


- Products are marketable at every intermediate and final stage of production.
- Pryor facility process flow is typical of plants with natural gas feedstock.
- Pryor and Cherokee use natural gas feedstock. El Dorado and Baytown use ammonia feedstock.

Climate Control Sales & Marketing Data

LTM 3/31/15 Sales Mix Data

By end market



Distribution channels (as of March 2015)

Commercial:

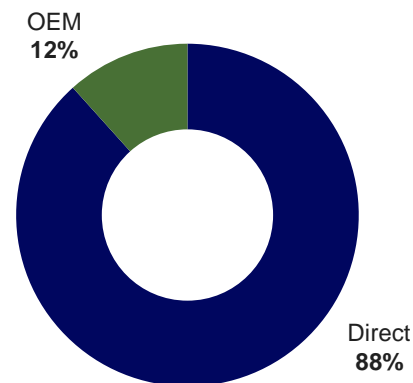
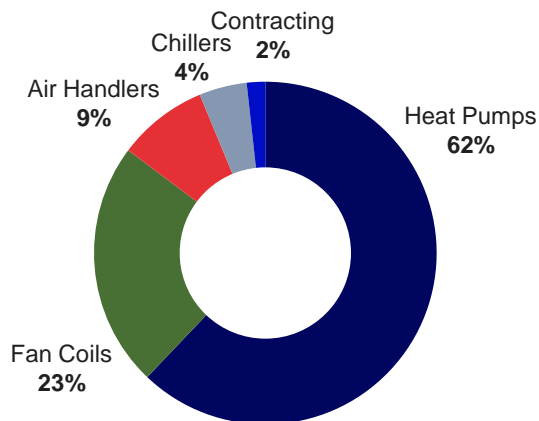
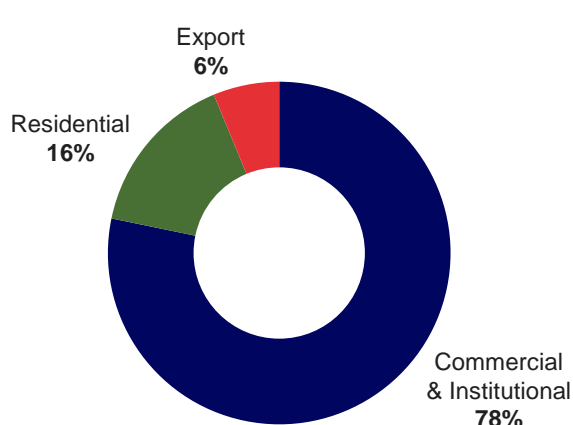
- 220 Commercial representative firms with 347 locations
- 1,900+ Sales Engineers

Residential (Geothermal):

- 600 Residential distributor locations (approx.)
- 4,000 Residential contractor-dealers (approx.)

Plus: OEM distribution channels

Product & market sales mix – various perspectives



Focus on Geothermal Heat pumps

How does a GHP system work?



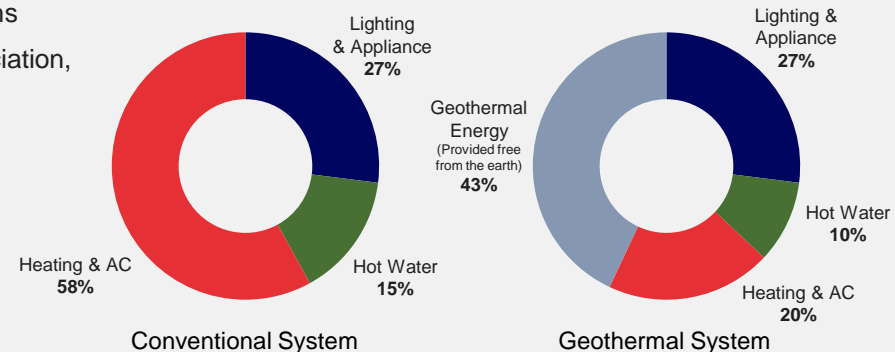
Typical Residential Geothermal System

- **The Earth absorbs approximately 50% of all solar energy** and remains at nearly a constant temperature year round (below a few feet deep).
- **A GHP system** uses a (1) sealed in-ground heat exchanger (loop) filled with fluid and a (2) GHP unit to exchange energy between the house or building and the earth.
- **In winter**, fluid in the loop absorbs energy from the earth and carries it to the GHP where it is converted (compressed) to a higher temperature and sent as warm air into the house or building.
- **In summer**, the system reverses, transferring heat from the house or building into the earth.
- **GHP systems work year round**, in all climates, in both individual residences and large commercial buildings, providing both conditioned air and **domestic hot water** (as a “free” by-product).

Geothermal Benefits:

- **Energy cost reduction & positive cash flow** – the most energy efficient HVAC technology available – up to 80% more efficient than conventional systems
- **Fed Tax Credits** - 30% residential & 10% business + accelerated depreciation, + state/utility incentives
- GHP's are an **alternative form** of renewable energy
- **Green refrigerants** - non-ozone depleting
- **“Free”** domestic hot water
- **Noise free operation** – no noisy condensing unit
- **Extremely long lived** vs. conventional systems (50 year loops)

Residential energy usage

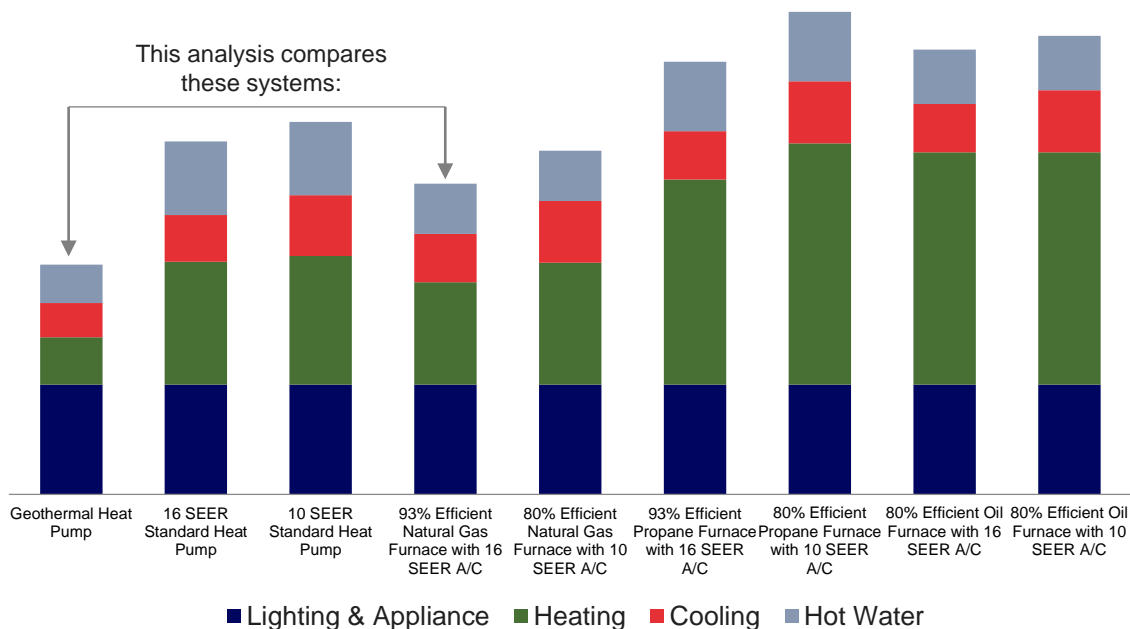


Typical GHP Costs and Savings

For a GHP System in a 2,500 sq. ft. new house in St. Louis, MO (typical middle America)

Installed Cost of a 4 ton GHP System = \$6,000 per ton (12,000 Btu/ton).

System Operating Cost Comparison GHP vs. Conventional Systems



Payback (GHP vs. Hi-Eff Gas Furn+AC)

Installed cost of GHP \$24,000

Less: 30% Fed tax credit (7,200)

GHP cost after credit 16,800

Cost for Hi-Eff Gas + AC (12,000)

GHP premium cost 4,800

Annual Energy Savings \$794

Payback in Years 6.0

Positive Cash Flow

Annual Energy Savings \$794

Annual P&I on GHP Premium (3.5% int. – 10 yrs.) (568)

Annual Cash Savings \$226

Note: System installed costs are different throughout the U.S due to varying local conditions and labor costs. Savings vary due to weather conditions, user preferences, and local utility rates. Costs and savings in St. Louis are estimates and subject to change

Notes



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Notes



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LSB Industries, Inc. is headquartered in Oklahoma City and does business through its subsidiaries, with seven HVAC manufacturing and distribution facilities in Oklahoma City, chemical plants in Texas, Arkansas, Alabama and Oklahoma and an engineered products distribution center in Oklahoma City.

Approximately 1,900 total employees.

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