Second Quarter 2017 Update

July 26, 2017

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 additions for 2017; reduction of SG&A expenses; and volume outlook.

- 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, 2016 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 and 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 2017 Financial Overview

Operating results

- Net sales of $122.9 million for the second quarter of 2017, an increase of $12.9 million, or approximately 12% from $110.0 million for the second quarter of 2016 driven by increased sales volumes

- Adjusted EBITDA from continuing operations of $22.2 million for the second quarter of 2017, an increase of $11.1 million, or 100% from $11.1 million for the second quarter of 2016:
  - ~ $9.2 million from improved sales volumes driven by higher sales of HDAN, LDAN and Ammonia volumes
  - ~ $3.9 million from lower costs associated with making versus buying Ammonia at El Dorado
  - ~ $5.7 million from lower plant, distribution and other costs
  - ~ $3.0 million from overall lower SG&A costs
  - Negatively impacted by ~ $10.7 million from lower selling prices and higher raw material costs versus the second quarter of 2016

Completed sale of Marcellus Shale working interest and other non core assets

- Gross purchase price of approximately $19.8 million (net of $16.3 million after $3.5 million of debt repayment)
- Total net non-core asset sales to date of $21.1 million

Market Outlook

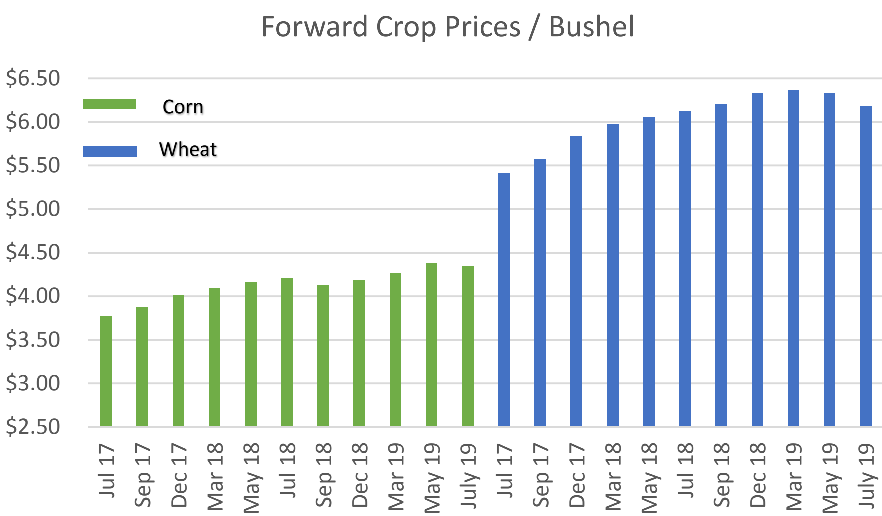
Agricultural

Delayed plantings due to cold and wet weather experienced this spring across North America caused less demand for ammonia pre-plant application, which caused:

- Inventory build weighing on nitrogen pricing
- Switch to UAN/Urea vs. ammonia
- Nitrogen pricing has given back gains from earlier in the year

Corn prices +/- $4.00/bushel

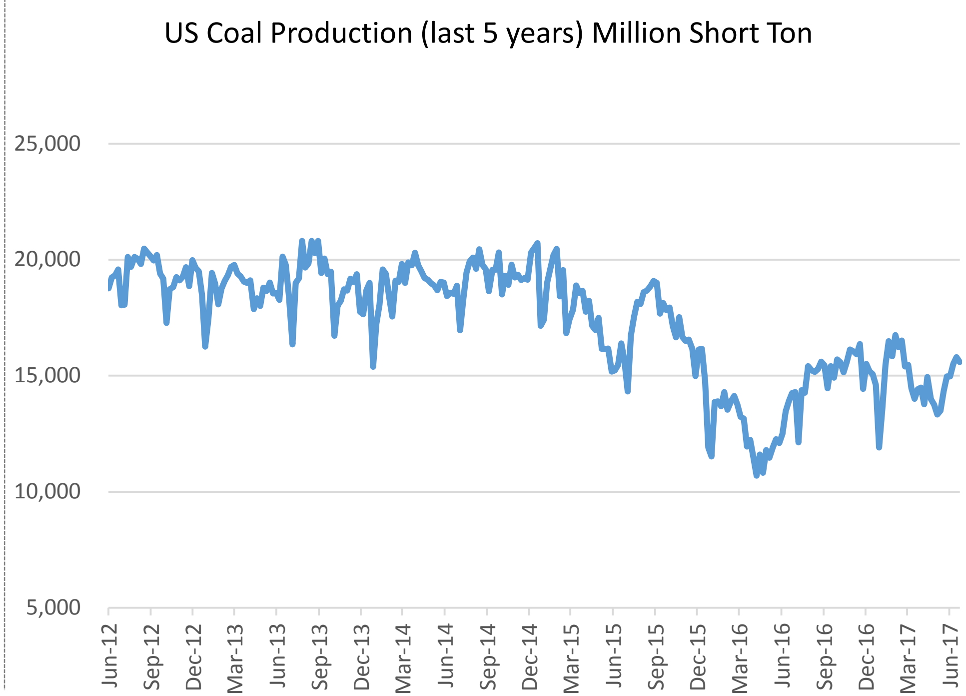
US Nitrogen capacity expansion added additional supply and is currently rebalancing distribution channels



Industrial and Mining

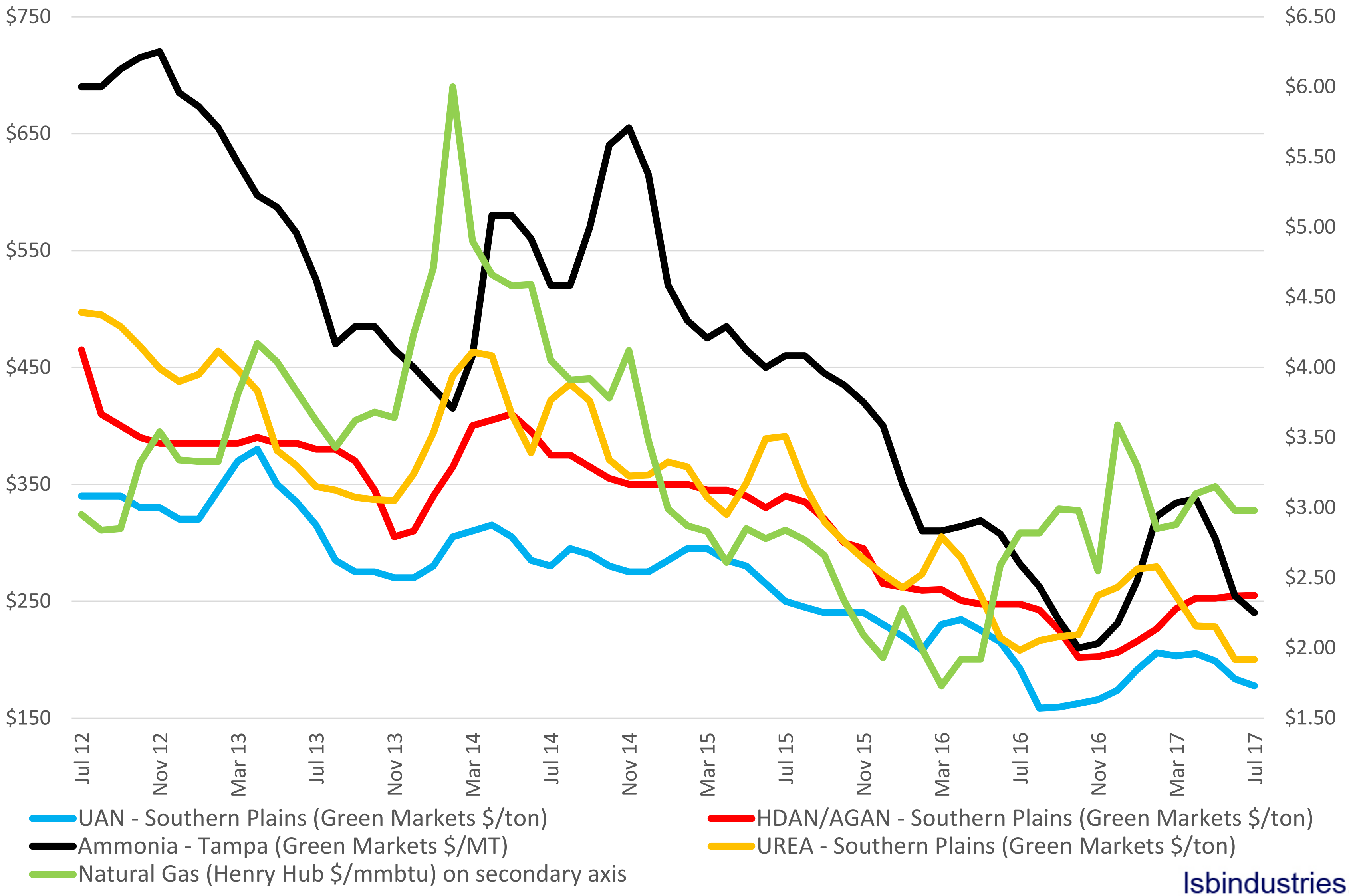
Industrial market – Trending slightly up in 2017. The auto and housing markets continue to look good for the coming year

Mining market – Coal Update:
EIA expects growth in coal-fired electricity generation to contribute to a ~8% increase in coal production in 2017. Coal production is expected to increase by ~0.2% in 2018



Sources: Corn Prices – Chicago Board of Trade 07-12-17 close; Wheat prices – Kansas City Board of Trade 07-12-17 close; US Coal Production – eia.gov historical data files

Chemical Commodities Feedstock & End Products 5-year Price Trend



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Agricultural Chemicals –
Attractive Medium to Long-Term Industry Fundamentals

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World situation

- Growing populations
- Developing economies
- Changing dietary habits (from grain to meat)
- Rebalancing global ammonia trade routes
- Strong U.S. Dollar and currency devaluation

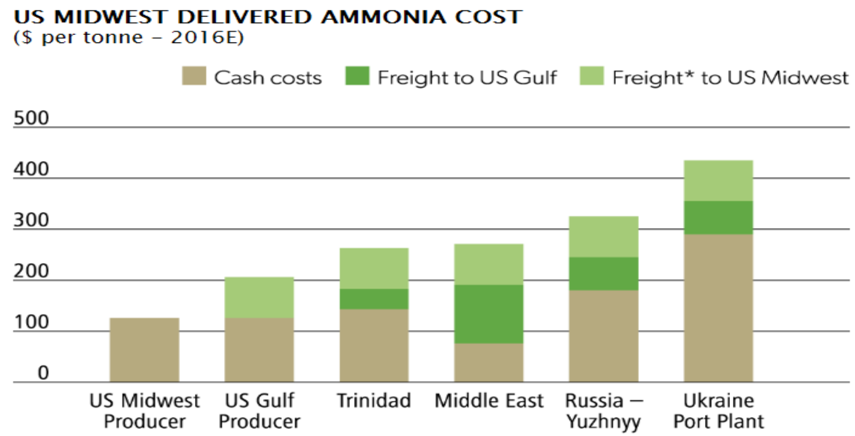
North American situation

- World grain usage continues to increase annually
- Latest USDA estimates, expect US 2017E corn planting down ~3% YoY, but still near all-time highs at ~91 million acres
- U.S. grain stocks are at high levels leading to lower current corn prices
- Current corn exports are at high levels resulting in reduced stock ratios
- Strong U.S. Dollar and currency devaluation

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
- Low natural gas prices in North America, expected to be in ~ $3.00/MMBtu range, keep nitrogen production costs low

U.S. Midwest delivered ammonia cost estimated $160/metric ton advantage over imports



* Includes related handling costs

Source: Fertecon, PotashCorp

Operational Review

Operational Review

EL Dorado Ammonia

Current Status: Ammonia plant currently operating at full rate

- Heat exchanger issues
- Power failures

Going Forward:

- Heat exchanger replacements and upgrades
- Electrical system evaluation and upgrades
- Optimize cost control and ensure the plant is on-stream 95%+
- Consistently produce at 1,275-1,350 tons / day
- Planning for 2018 turnaround

El Dorado Nitric Acid

Current Status: Nitric acid plant is currently operating at full rate

Going Forward:

- Detailed engineering nearing completion for N2O abatement vessel
- Costs associated with the by-pass system and all repairs related to the nitric acid plant to be covered under warranty
- Efficiency improvement evaluation of expander turbine covered under warranty
- Focus on reliability and ensure new vessel is installed and operating in a timely manner

Pryor

Current Status: All plant operations currently at full rates

- Power failures and process control issues
- Completed 18 day turnaround on July 20

Going Forward:

- Focus on reliability and maintain high on-stream rates
- Focus on electrical issues causing outages
- Detailed engineering for new urea reactor to be installed in 2018
- Engineering for process control automation

Cherokee

Current Status: All plant operations currently at full rates

Going Forward:

- Focus on reliability and maintain high on-stream rates (95%)+
- Planning for 2018 turnaround

Baytown

Current Status: Plant operations currently at full rates

Financial Review

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LSB Consolidated Financial Highlights

Second Quarter 2017

($ In Millions, Except EPS)	Three Months Ended June 30, 2017	2016	Change	Six Months Ended June 30, 2017	2016	Change
Net sales	**$122.9**	**$110.0**	**$12.9**	**$246.2**	**$209.0**	**$37.2**
Gross profit (loss)	**$11.4**	**$2.1**	**$9.3**	**$23.0**	**$(4.0)**	**$27.0**
% of net sales	*9.3%*	*1.9%*	*7.4%*	*9.3%*	*-1.9%*	*11.2%*
Selling, general and administrative expense	**$8.2**	**$10.9**	**$(2.7)**	**$18.7**	**$21.8**	**$(3.1)**
% of net sales	*6.7%*	*9.9%*	*-3.2%*	*7.6%*	*10.4%*	*-2.8%*
Operating income (loss)	**$(0.2)**	**$(8.9)**	**$8.7**	**$2.1**	**$(26.2)**	**$28.3**
% of net sales	*-0.2%*	*-8.1%*	*7.9%*	*0.9%*	*-12.5%*	*13.4%*
Income from discontinued operations, including	**$-**	**$22.8**	**$(22.8)**	**$-**	**$23.6**	**$(23.6)**
Net income (loss)	**$(7.0)**	**$15.1**	**$(22.1)**	**$(13.0)**	**$0.2**	**$(13.2)**
% of net sales	*-5.7%*	*13.7%*	*-19.4%*	*-5.3%*	*0.1%*	*-5.4%*
Diluted EPS	**$(0.53)**	**$(0.70)**	**$0.17**	**$(1.02)**	**$(1.81)**	**$0.79**
EBITDA (1)	**$17.0**	**$9.6**	**$7.4**	**$36.7**	**$1.5**	**$35.2**
Adjusted EBITDA (1)	**$22.2**	**$11.1**	**$11.1**	**$42.8**	**$19.4**	**$23.4**

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

Second Quarter – 2017 vs. 2016

($ In Millions)

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	Q2 2017	Q2 2016		Normalized
Total Consolidated Adjusted EBITDA	**$22.2**	**$11.1**		
2016			**$11.1**	$11.1
Net Sales Price Impact			(6.9)	-
Natural Gas			(3.8)	-
Net Sales Volume Impact			9.2	9.2
<u>Other Costs</u>				
EDC lower cost of make vs. buy			3.9	3.9
Lower plant, distribution and other costs			5.7	5.7
Lower overhead / SG&A			3.0	3.0
2017			**$22.2**	
Normalized Q2 2017				**$32.9** (1)

(1) Assumes pricing and natural gas environment consistent with Q2 of 2016.

Capital Structure

$ In Millions	6/30/17
Cash	**$67.2**
Senior Secured Notes	375.0
Working Capital Revolver ($40.8 mm of availability at 6/30/17)	-
Other Debt	42.7
Unamortized Discount and Debt Issuance Costs	(6.2)
Total Long-Term Debt, Including Current Portion, net	**$411.5**
Series E and F Redeemable Preferred Stock ($173.1 million liquidation preference including accrued dividends)	**$159.6**
Total Stockholders' Equity	**$468.6**

Key Information:

Senior Secured Notes

- $375 million at 8.5%
- Due August 2019
- Call Premium 103.875 until 8/2017 then drops to 101.9

Working Capital Revolver

- $50 million (Prime + 50 bps)
- Expires January 2022

Free Cash Flow

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	Six Months Ended June 30,		
$ In Millions	2017	2016	Change
Net income (loss)	**$(13.0)**	**$0.2**	**$(13.2)**
Income from discontinued operations, including taxes	-	(23.6)	23.6
Depreciation, depletion and amortization of property plant & equipment	34.2	24.6	9.6
Change in Working Capital and Other [(1)]	1.7	23.0	(21.3)
Net Cash provided by Continuing Operating Activities	**$22.9**	**$24.2**	**$(1.3)**
Capital expenditures for property plant & equipment	(16.4)	(170.1)	153.7
Net proceeds from sale of a business and other property and equipment	18.8	-	18.8
Free Cash Flow from Operations and Investing [(2)]	**$25.3**	**$(145.9)**	**$171.2**
Net cash provided (used) by financing	(17.3)	32.3	(49.6)
Net cash provided (used) by discontinued operations[(2)]	(1.8)	8.1	(9.9)
Other	1.0	1.1	(0.1)
Change in Cash and Cash Equivalents	**$7.2**	**$(104.4)**	**$111.6**

(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.

Appendix

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Consolidated EBITDA

Sensitivity Analysis (*$ In Millions*)

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Significant Earnings Power at Optimal Operating Rates

Tampa Ammonia price per MT	Natural Gas Price per mmbtu				
	$2.50	$3.00	$3.50	$4.00	$4.50
$450	$226	$214	$202	$190	$178
$400	$194	$182	$170	$158	$146
$350	$162	$150	$138	$126	$114
$300	$130	$118	$106	$ 94	$ 82
$250	$ 98	$ 86	$ 74	$ 62	$ 50
$200	$ 66	$ 54	$ 42	$ 30	$ 17

Key factors in model above:

- Tampa Ammonia price assumes average over the full year
- Average ammonia plant on-stream rate of 97%, 95% and 95% at El Dorado, Cherokee and Pryor, respectively (excluding turnaround expense)
- Assumes that a $50/MT change in ammonia price is equivalent to a $21 per short ton change in UAN price and a $23 per short ton change in AN price
- Minimal growth of mining sales
- No incremental cost savings over previously announced savings

EBITDA Reconciliation

LSB Consolidated ($ In Millions)	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Net income (loss):	**($7.0)**	**$15.1**	**($13.0)**	**$0.2**
Plus:				
Interest expense	9.3	6.4	18.7	7.8
Depreciation, depletion and amortization	17.5	14.6	35.1	25.6
Benefit for income taxes	(2.8)	(3.7)	(4.1)	(8.5)
Income from discontinued operations, including taxes	-	(22.8)	-	(23.6)
EBITDA (1)	**$17.0**	**$9.6**	**$36.7**	**$1.5**
Consulting Fee - Negotiated Property tax savings at El Dorado	-	-	-	12.1
Stock based compensation	1.6	1.0	2.8	1.9
Start-up/ Commissioning costs at El Dorado	-	3.8	-	5.1
Derecognition of death benefit accrual	-	-	(1.4)	-
Loss on sale of a business and other property and equipment	3.6	0.6	4.1	0.6
Fair market value adjustment on preferred stock embedded derivatives	-	(3.9)	0.6	(1.4)
Delaware unclaimed property liability	-	-	-	0.3
Life insurance recovery	-	-	-	(0.7)
Adjusted EBITDA (2)	**$22.2**	**$11.1**	**$42.8**	**$19.4**

(1) EBITDA is defined as net income (loss) plus interest expense, depreciation, depletion and amortization of property plant and equipment (which includes amortization of other assets and excludes interest included in amortization), less benefit for income taxes and income from discontinued operations, including 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 table above provides a reconciliation of net income (loss) to EBITDA for the periods indicated.

(2) Adjusted EBITDA is reported to show the impact of loss on sale of a business and other property and equipment, a one-time consulting fee, start-up/commissioning costs, derecognition of a death benefit accrual, certain fair market value adjustments, non-cash stock based compensation, Delaware unclaimed property liability, and life insurance recovery. We believe that the inclusion of supplementary adjustments to EBITDA is appropriate to provide additional information to investors about certain items. The table 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.