Fourth Quarter 2016 Update

February 28, 2017

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Agenda

LSB INDUSTRIES

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, including our Cherokee and Pryor Facilities after turnarounds; 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 presentation 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.

Fourth Quarter 2016 Operating and Financial Overview

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Enhanced capital structure

- Reduced debt by $100 million, lowering annual interest expense by approximately $7 million
- Renegotiated the ABL decreasing the commitment from $100 million to $50 million to fit current business and extending the maturity to January 2022

Fourth quarter operating results

- Sales of $85.4 million represent increased sales volumes offset by ~35% decrease in agricultural selling prices
- Adjusted EBITDA of $2.8 million compared to Adjusted EBITDA loss of $2.5 million Q4 2015 and Q4 2016 previous guidance of EBITDA loss of $3 million - $5 million

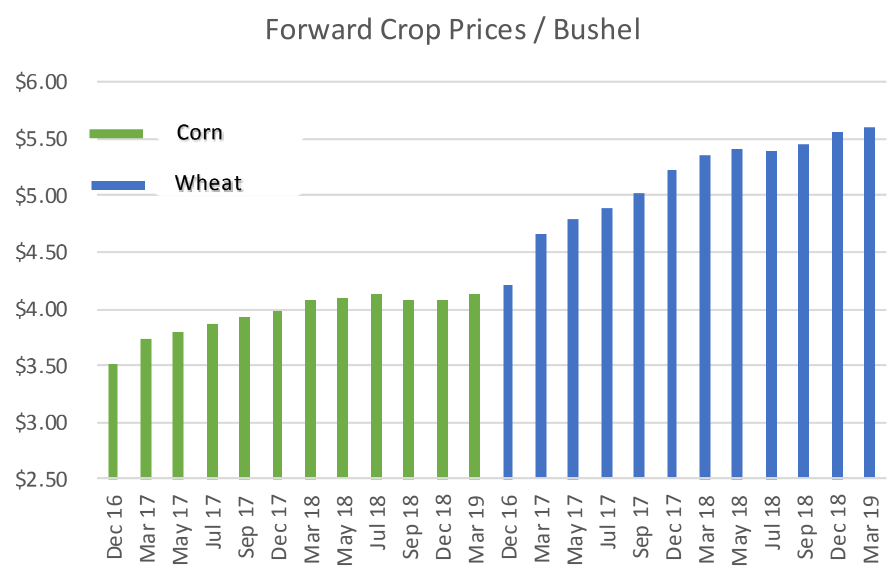
Operational updates

- Cherokee and Pryor ammonia onstream rates of 100% and 90% respectively
- EDC ammonia on-stream of 73% for Q4; 84% for first two months 2017
- EDC ammonia plant operating above 1,300 tons per day vs. nameplate capacity of 1,150 tons per day
- Completed bypass system for El Dorado's primary nitric acid plant's nitrous oxide abatement vessel in mid-December and running at nameplate capacity since restart

Market Outlook

Agricultural

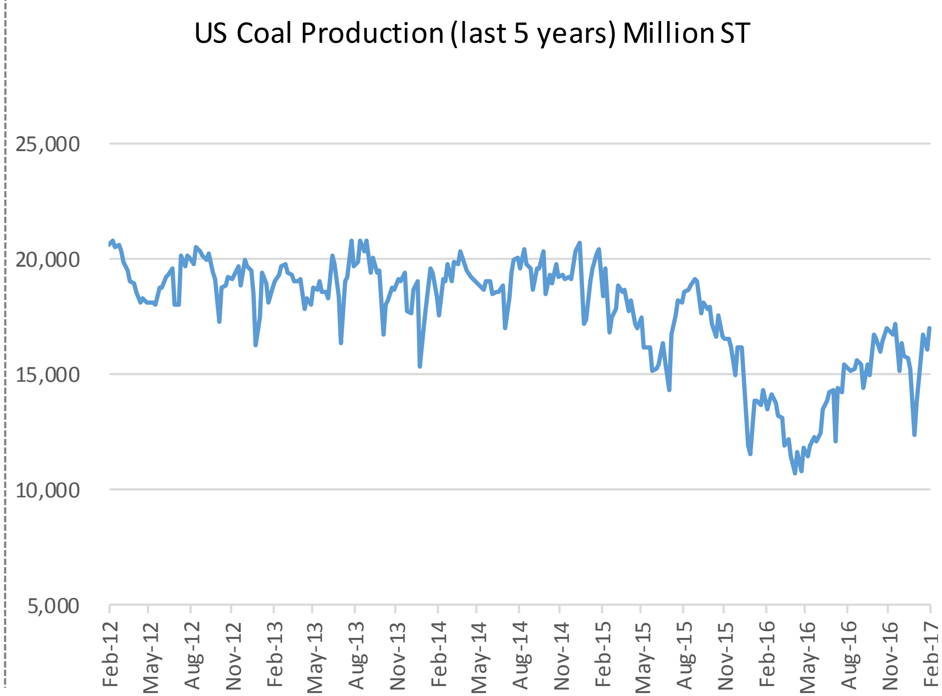
- Improvement in fertilizer pricing demand ahead of typical spring season.
- Natural gas feedstock costs expected to remain relatively low.
- Lower imports of Urea and UAN.
- Increasing fertilizer/ammonia exports.
- Planted corn acreage of 90 to 91 million in 2017 (vs. 94 million in 2016) will reduce fertilizer demand but reduce corn stocks.
- Corn prices projected to stay below ~$4.00/bushel range over the next 12 months but over $4.00/bushel thereafter..
- Nitrogen capacity expansion in North America.



Industrial and Mining

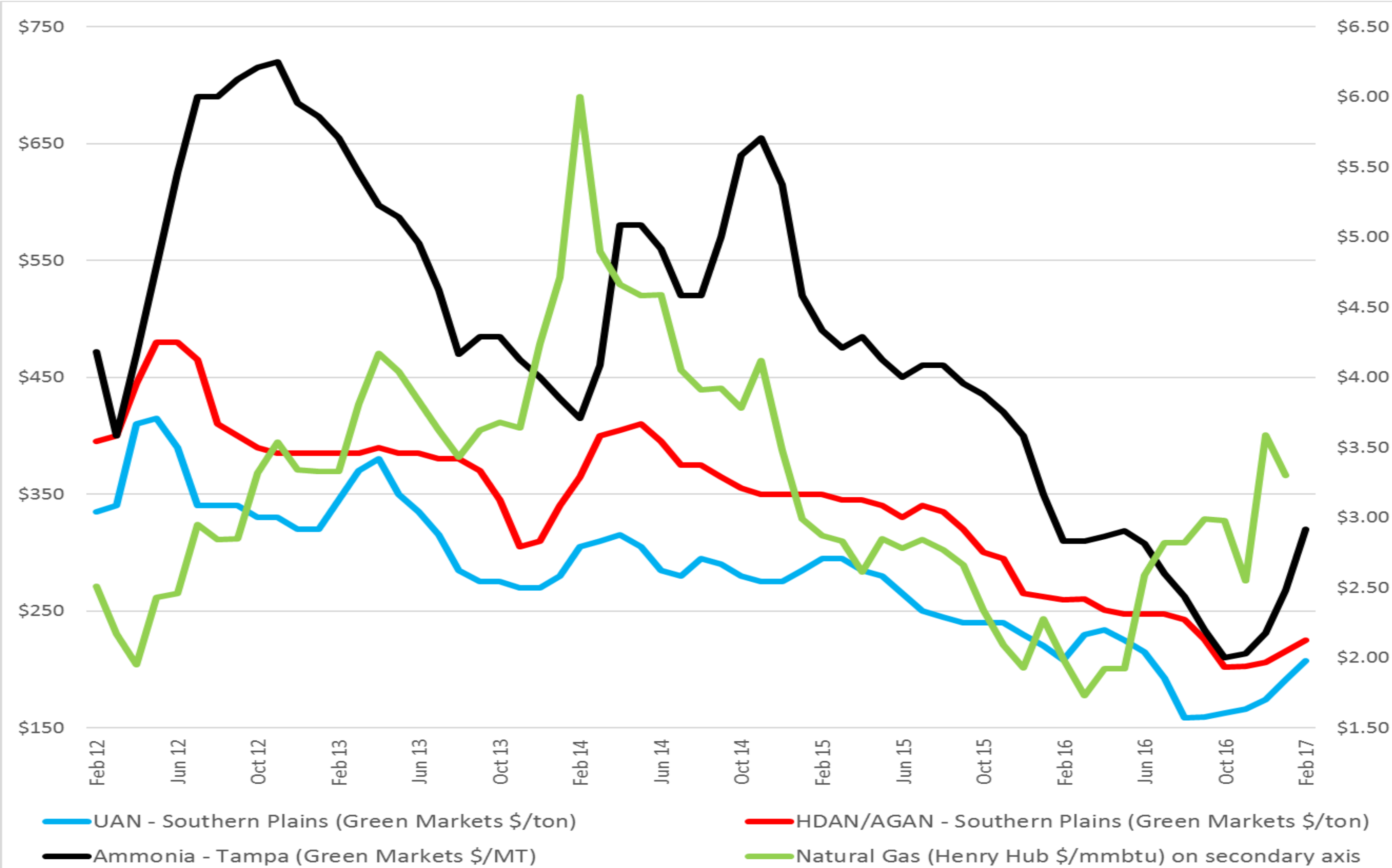
Industrial market – Trending slightly up in 2017. The auto and housing markets continue to look good for the coming year.

Mining market – Coal Update:
EIA expects growth in coal-fired electricity generation to contribute to a 3% increase in coal production in 2017. Coal production is expected to increase by 1% in 2018.



Sources: Corn Prices – Chicago Board of Trade 02-15-17 close; Wheat prices – Kansas City Board of Trade 02-15-17 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

World situation

- Growing populations
- Developing economies
- Changing dietary habits (from grain to meat)
- Rebalancing global ammonia trade routes

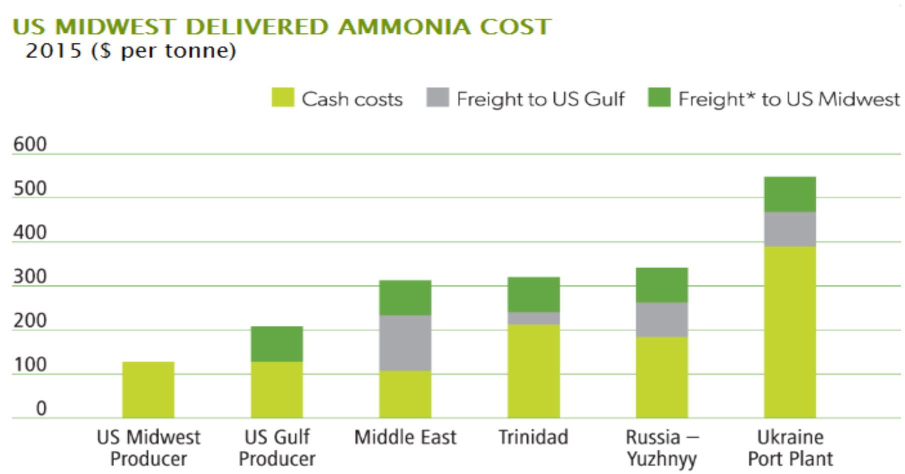
North American situation

- World grain usage continues to increase annually
- USDA is projecting ~3-4% decrease in corn acres planted in 2017 versus 2016
- U.S. grain stocks are at high levels leading to lower current corn prices
- Current corn exports are at high levels helping reduce stock ratios

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
- Projected Henry Hub natural gas is expected to average around $3.00/mmbtu in 2017.

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



* Includes related handling costs
Source: Fertecon, PotashCorp

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Operational Review

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Operational Review

EL Dorado Ammonia

Current Status: ammonia plant currently operating at full rate

Going Forward:

- Heat exchanger replacements
- Optimize cost control and ensure the plant is on-stream 95%+
- Consistently produce at 1,275-1,325 tons / day
- No planned turnaround scheduled in 2017

Pryor

Current Status: All plant operations currently at full rates

Going Forward:

- Focus on reliability and maintain high on-stream rates (90%-95%)
- Begin fabrication of new urea reactor
- Operate AN Warehouse for enhanced distribution plan
- Turnaround scheduled for 21 days during Q4

El Dorado Nitric Acid

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

Going Forward:

- Working with technology provider and sub-contractor to modify design and fabricate new N2O vessel
- We expect 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 plant is repaired in a timely manner

Cherokee

Current Status: All plant operations currently at full rates

Going Forward:

- Focus on reliability and maintain high on-stream rates (95%)+
- Execute AN distribution plan with existing storage dome
- No planned turnaround scheduled in 2017

Baytown

Current Status: Plant operations currently at full rates

Financial Review

LSB Consolidated Financial Highlights

Fourth Quarter 2016

($ In Millions, Except EPS)	Three Months Ended December 31, 2016	2015	Change	Twelve Months Ended December 31, 2016	2015	Change
Net sales	**$85.4**	**$90.0**	**($4.6)**	**$374.6**	**$437.7**	**($63.1)**
Gross profit (loss)	**($8.9)**	**($1.6)**	**($7.3)**	**($49.3)**	**$20.0**	**($69.3)**
% of net sales	*-10.4%*	*-1.8%*	*-8.6%*	*-13.2%*	*4.6%*	*-17.8%*
Selling, general and administrative expense	**$8.5**	**$12.5**	**($4.0)**	**$40.2**	**$49.8**	**($9.6)**
% of net sales	*10.0%*	*13.9%*	*-3.9%*	*10.7%*	*11.4%*	*-0.7%*
Operating loss	**($18.1)**	**($17.2)**	**($0.9)**	**($90.2)**	**($71.2)**	**($19.0)**
% of net sales	*-21.2%*	*-19.1%*	*-2.1%*	*-24.1%*	*-16.3%*	*-7.8%*
Income from discontinued operations, net of taxes	**$3.7**	**$3.0**	**$0.7**	**$200.3**	**$11.4**	**$188.9**
Net income (loss)	**($21.5)**	**($8.1)**	**($13.4)**	**$112.2**	**($34.8)**	**$147.0**
% of net sales	*-25.2%*	*-9.0%*	*-16.2%*	*30.0%*	*-8.0%*	*38.0%*
Diluted EPS	**(1.19)**	**(0.61)**	**($0.58)**	**($5.28)**	**($2.17)**	**($3.11)**
EBITDA (1)	**$2.1**	**($3.9)**	**$6.0**	**($27.5)**	**$9.4**	**($36.9)**
Adjusted operating loss (1)	**($15.8)**	**($12.8)**	**($3.0)**	**($66.2)**	**($24.3)**	**($41.9)**
Adjusted loss from continuing operations applicable to common stock (1)	**($30.9)**	**($10.8)**	**($20.1)**	**($115.7)**	**($20.2)**	**($95.5)**
Adjusted diluted EPS (1)	**($1.14)**	**($0.47)**	**($0.67)**	**($4.55)**	**($0.89)**	**($3.66)**
Adjusted EBITDA (1)	**$2.8**	**($2.5)**	**$5.3**	**($4.5)**	**$13.6**	**($18.1)**

(1) Refer to Appendix for reconciliation of adjusted operating loss, adjusted net loss from continuing operations applicable to common stock, adjusted diluted EPS, EBITDA and Adjusted EBITDA.

Fourth Quarter Actuals – Current Year vs. Previous Year

($ In Millions)

	Q4 2016	Q4 2015	Actual	Normalized
Total Consolidated Adjusted EBITDA	**$2.8**	**($2.5)**		
Q4 2015			**($2.5)**	($2.5)
Net Sales Price Impact			(15.2)	-
Net Sales Volume Impact			11.1	11.1
Other Cost				
Improved production/absorption of fixed costs and lower plant costs			8.3	8.3
EDC lower cost of make vs. buy			5.9	5.9
EDC ammonia downtime (repair cost and purchased ammonia)			(4.0)	-
EDC Nitric Acid plant / warranty related items			(2.3)	-
Lower corporate overhead / other			1.5	1.5
			9.3	15.7
Q4 2016			**$2.8**	
Normalized Q4 2016				**$24.3**[(1)]

(1) Assumes pricing consistent with 2015, no additional warranty related expenses on EDC nitric acid plant as plant is operating and no additional expenses incurred on the EDC ammonia plant as that facility is operating.

Capital Structure

$ In Millions	12/31/16
Cash	**$ 60.0**
Senior Secured Notes	375.0
Working Capital Revolver ($40.5 mm of availability at 1/31/17)	-
Other Debt	52.8
Unamortized Discount and Debt Issuance Costs	(7.6)
Total Long-Term Debt, Including Current Portion, net	**$ 420.2**
Series E and F Redeemable Preferred Stock ($161.8 million liquidation preference including accrued dividends)	**$ 145.0**
Total Stockholders' Equity	**$ 492.5**

Key Information:

Senior Secured Notes

- $375 million at 8.5%
- Due August 2019
- Call Premium 103.875 until 8/17; 101.9 thereafter

Working Capital Revolver

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

Free Cash Flow

$ In Millions	Twelve Months Ended December 31, 2016	2015	Change
Net Income (Loss)	**$ 112.2**	**$ (34.8)**	**$ 147.0**
Income from discontinued operations, net of taxes	(200.3)	(11.4)	(188.9)
Depreciation, Depletion and Amortization (PP&E)	59.4	35.9	23.5
Change in Working Capital and Other (1)	6.5	5.2	1.3
Net Cash provided (used) by Continuing Operating Activities	**$ (22.2)**	**$ (5.1)**	**$ (17.1)**
Capital Expenditures (PP&E)	(212.5)	(438.9)	226.4
Free Cash Flow from Operations (2)	**$ (234.7)**	**$ (444.0)**	**$ 209.3**
Net cash provided (used) by financing	(193.6)	264.3	(457.9)
Net proceeds from discontinued operations	356.7	-	356.7
Net proceeds from short-term investments and restricted cash	-	85.5	(85.5)
Free Cash Flow from Discontinued Operations (2)			
Net cash provided (used) by discontinued operations	(4.7)	33.6	(38.3)
Other	9.1	2.8	6.3
Change in Cash and Cash Equivalents	**$ (67.2)**	**$ (57.8)**	**$ (9.4)**

(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.

2017 Outlook

Sales Volume:	
	Full Year 2017 Sales (tons)
Agriculture:	
UAN	475,000 – 500,000
HDAN	260,000 – 280,000
Ammonia	95,000 – 105,000
Industrial, Mining and Other:	
Ammonia	200,000 – 225,000
LDAN and AN solution	140,000 – 160,000
Nitric Acid and Other Mixed Acids	90,000 – 110,000
Nitric Acid - Baytown	475,000 – 500,000

Operating:	
Ammonia On-Stream Rates:	Average 95% across three plants
Ammonia Production (tons)	780,000 – 820,000
Turnaround:	Pryor scheduled for 21 days during Q4 (Approximately $2 million)

2017 Outlook (continued)

Financial (Full Year):	
Variable Plant Expenses:	
Natural gas feedstock costs	30 – 32 mmbtu/ton of ammonia
Electricity	7.5% – 9.0% of sales
Catalyst expense (burnoff)	1.5% – 2.5% of sales
Freight	5.0% – 7.0% of sales
Other purchased products (primarily Ag Centers)	2.5% – 3.5% of sales
Other expenses	2.5% – 3.5% of sales
Purchased ammonia - Baytown (tons)	145,000 – 155,000
Fixed Plant Expenses Including Plant Salary and Wages (Ex-Depreciation):	$125 million – $130 million (including $8 million for Baytown)
SG&A:	$30 million – $35 million
Depreciation Expense:	$65 million – $70 million
Interest Expense:	$30 million – $35 million
CAPEX:	$30 million – $35 million
Sale of non-core assets	$15 million – $20 million (1)

(1) Asset sold for approximately $5 million in 12/16

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

Appendix

EBITDA Reconciliation

LSB Consolidated ($ In Millions)	Three Months Ended December 31, 2016	Three Months Ended December 31, 2015	Twelve Months Ended December 31, 2016	Twelve Months Ended December 31, 2015
Net income (loss):	**($21.5)**	**($8.1)**	**$112.2**	**($34.8)**
Interest expense	9.8	0.9	30.9	7.4
Loss on extinguishment of debt	8.7	-	8.7	-
Provision for impairment	1.6	3.5	1.6	43.2
Depreciation and amortization	18.4	9.9	61.3	37.5
Benefit for income taxes	(11.2)	(7.1)	(41.9)	(32.5)
Income from discontinued operations	(3.7)	(3.0)	(200.3)	(11.4)
EBITDA (1)	**$2.1**	**($3.9)**	**($27.5)**	**$9.4**
Consulting Fee- Negotiated Property tax savings at El Dorado	-	-	12.1	-
Loss (gain) on disposal of property, plant, and equipment	(0.3)	-	0.3	-
Stock based compensation	0.8	0.7	4.0	1.7
Start-up/ Commissioning costs at El Dorado	-	-	5.1	-
Severance costs	0.2	0.2	0.9	2.0
Fair market value adjustment on preferred stock embedded derivatives	-	0.5	1.0	0.5
Delaware unclaimed property liability	-	-	0.3	-
Life insurance recovery	-	-	(0.7)	-
Adjusted EBITDA (2)	**$2.8**	**($2.5)**	**($4.5)**	**$13.6**

(1) EBITDA is defined as net income (loss) plus interest expense, loss on extinguishment of debt, provision for impairment, 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, net of taxes. We believe that certain investors consider EBITDA a useful means of measuring our ability to meet our debt service obligations and evaluating our financial performance. EBITDA has limitations and should not be considered in isolation or as a substitute for net income, operating income, cash flow from operations or other consolidated income or cash flow data prepared in accordance with GAAP. Because not all companies use identical calculations, this presentation of EBITDA may not be comparable to a similarly titled measure of other companies. The following table provides a reconciliation of net income (loss) to EBITDA for the periods indicated.

(2) Adjusted EBITDA is reported to show the impact of a one-time consulting fee, start-up/commissioning costs, impairment of long-lived assets and goodwill, certain fair market value adjustments, severance, non-cash stock based compensation, non-cash (gain) loss on disposal of property, plant, and equipment, Delaware unclaimed property liability, and life insurance recovery. We believe that the inclusion of supplementary adjustments to operating loss, EBITDA, net loss from continuing operations applicable to common stock and diluted loss per common share from continuing operations, are appropriate to provide additional information to investors about certain items. The following tables provide reconciliations of operating loss, EBITDA, net loss from continuing operations applicable to common stock and diluted loss from continuing operations per common share excluding the impact of the supplementary adjustments.

Other Non-GAAP Reconciliations

LSB Consolidated ($ In Millions)	Three Months Ended December 31, 2016	Three Months Ended December 31, 2015	Twelve Months Ended December 31, 2016	Twelve Months Ended December 31, 2015
Operating loss:	**($18.1)**	**($17.2)**	**($90.2)**	**($71.2)**
Impairment of long-lived assets and goodwill	1.6	3.5	1.6	43.2
Consulting Fee- Negotiated Property tax savings at El Dorado	-	-	12.1	-
Loss (gain) on disposal of property, plant, and equipment	(0.3)	-	0.3	-
Stock based compensation	0.8	0.7	4.0	1.7
Start-up/ Commissioning costs at El Dorado	-	-	5.1	-
Severance costs	0.2	0.2	0.9	2.0
Adjusted operating loss (1)	**($15.8)**	**($12.8)**	**($66.2)**	**($24.3)**

(1) Adjusted operating loss is reported to show the impact of a one-time consulting fee, start-up/commissioning costs, impairment of long-lived assets and goodwill, certain fair market value adjustments, severance, non-cash stock based compensation, non-cash (gain) loss on disposal of property, plant, and equipment, Delaware unclaimed property liability, and life insurance recovery. We believe that the inclusion of supplementary adjustments to operating loss, EBITDA, net loss from continuing operations applicable to common stock and diluted loss per common share from continuing operations, are appropriate to provide additional information to investors about certain items. The following tables provide reconciliations of operating loss, EBITDA, net loss from continuing operations applicable to common stock and diluted loss from continuing operations per common share excluding the impact of the supplementary adjustments.

Other Non-GAAP Reconciliations

LSB Consolidated ($ In Millions Except Per Share Data)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2016	**2015**	**2016**	**2015**
Loss from continuing operations applicable to common stock:	**($32.3)**	**($14.0)**	**($134.5)**	**($49.4)**
Impairment of long-lived assets and goodwill (net of tax)	1.0	2.2	1.0	26.5
Consulting Fee- Negotiated Property tax savings at El Dorado (net of tax)	-	-	7.4	-
Loss (gain) on disposal of property, plant, and equipment (net of tax)	(0.2)	-	0.2	-
Stock based compensation (net of tax)	0.5	0.4	2.4	1.0
Start-up/ Commissioning costs at El Dorado (net of tax)	-	-	3.1	-
Severance costs (net of tax)	0.1	0.1	0.5	1.2
Fair market value adjustment on preferred stock embedded derivatives (non-tax deductible)	-	0.5	1.0	0.5
Delaware unclaimed property liability (net of tax)	-	-	0.2	-
Life insurance recovery (non-tax deductible)	-	-	(0.7)	-
Valuation allowance on state net operating losses	-	-	3.7	-
Adjusted loss from continuing operations applicable to common stock (1)	**($30.9)**	**($10.8)**	**($115.7)**	**($20.2)**
Weighted-average common shares (in thousands)	27,060	22,812	25,454	22,759
Adjusted loss from continuing operations per diluted share (1)	**($1.14)**	**($0.47)**	**($4.55)**	**($0.89)**

(1) Adjusted loss from continuing operations applicable to common stock and adjusted loss from continuing operations per diluted share are reported to show the impact of a one-time consulting fee, start-up/commissioning costs, impairment of long-lived assets and goodwill, certain fair market value adjustments, severance, non-cash stock based compensation, non-cash (gain) loss on disposal of property, plant, and equipment, Delaware unclaimed property liability, and life insurance recovery. We believe that the inclusion of supplementary adjustments to operating loss, EBITDA, net loss from continuing operations applicable to common stock and diluted loss per common share from continuing operations, are appropriate to provide additional information to investors about certain items. The following tables provide reconciliations of operating loss, EBITDA, net loss from continuing operations applicable to common stock and diluted loss from continuing operations per common share excluding the impact of the supplementary adjustments.