Third Quarter 2017 Update

October 31, 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; 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, 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.

Third Quarter 2017 Financial Overview

- Net sales of $92.4 million for the third quarter of 2017, an increase of $12.1 million, or approximately 15% from $80.3 million for the third quarter of 2016 driven by increased sales volumes

- Adjusted EBITDA from continuing operations of $2.8 million for the third quarter of 2017, an increase of $29.3 million from the third quarter of 2016:
  - ~ $8.3 million from improved sales volumes driven by higher sales of Ammonia, UAN and AN volumes
  - ~ $25.2 million from lower plant costs and improved absorption of fixed costs
  - ~ $2.0 million from overall lower SG&A costs
  - Negatively impacted by ~ $6.2 million from lower selling prices versus the third quarter of 2016

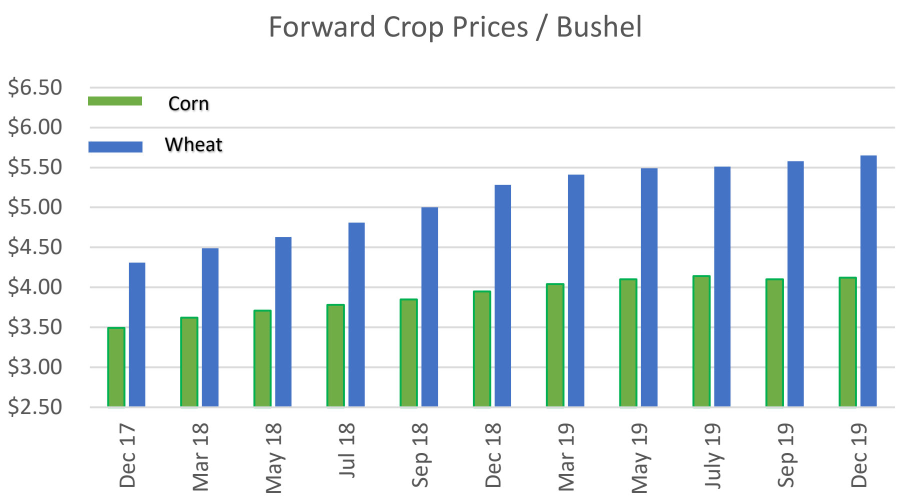
Market Outlook

Agricultural

Nitrogen prices showing signs of recovery despite continued pressure on farmers from continued low crop prices

- Global outages and low Chinese urea operating rates leading to market tightness
- Urea, UAN and Tampa ammonia have gained momentum
- Corn prices average +/- $3.90/bushel over next 12 months

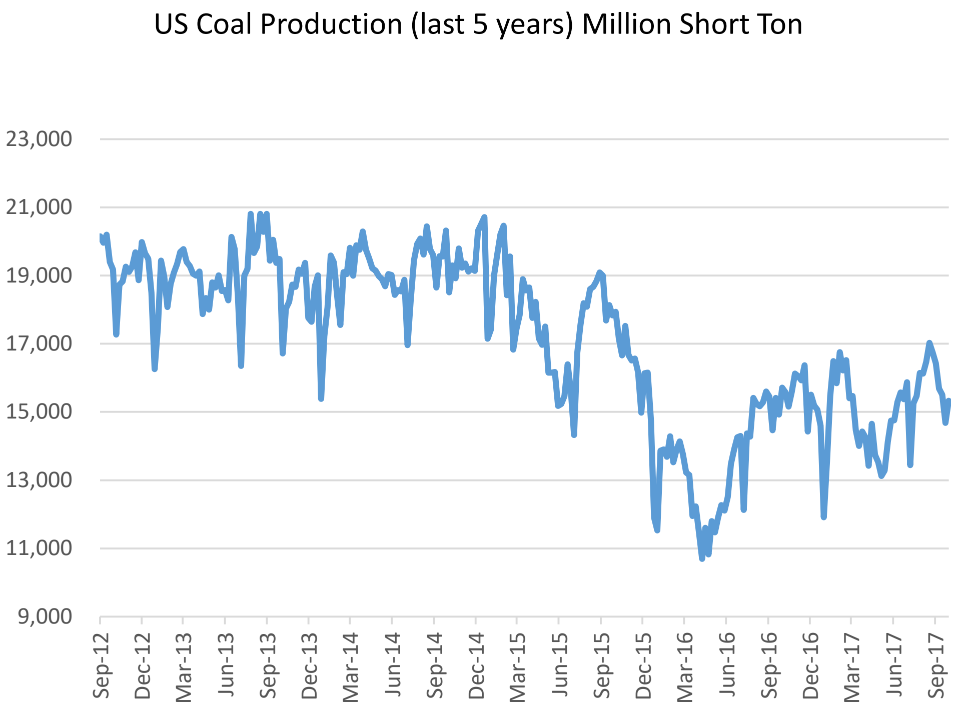
US Nitrogen capacity expansion added additional supply and is currently rebalancing distribution channels



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 ~0.4% in 2018



Sources: Corn Prices – Chicago Board of Trade 10-12-17 close; Wheat prices – Kansas City Board of Trade 10-12-17 close; US Coal Production – eia.gov historical data files

Chemical Commodities
Feedstock & End Products 5-year Price Trend

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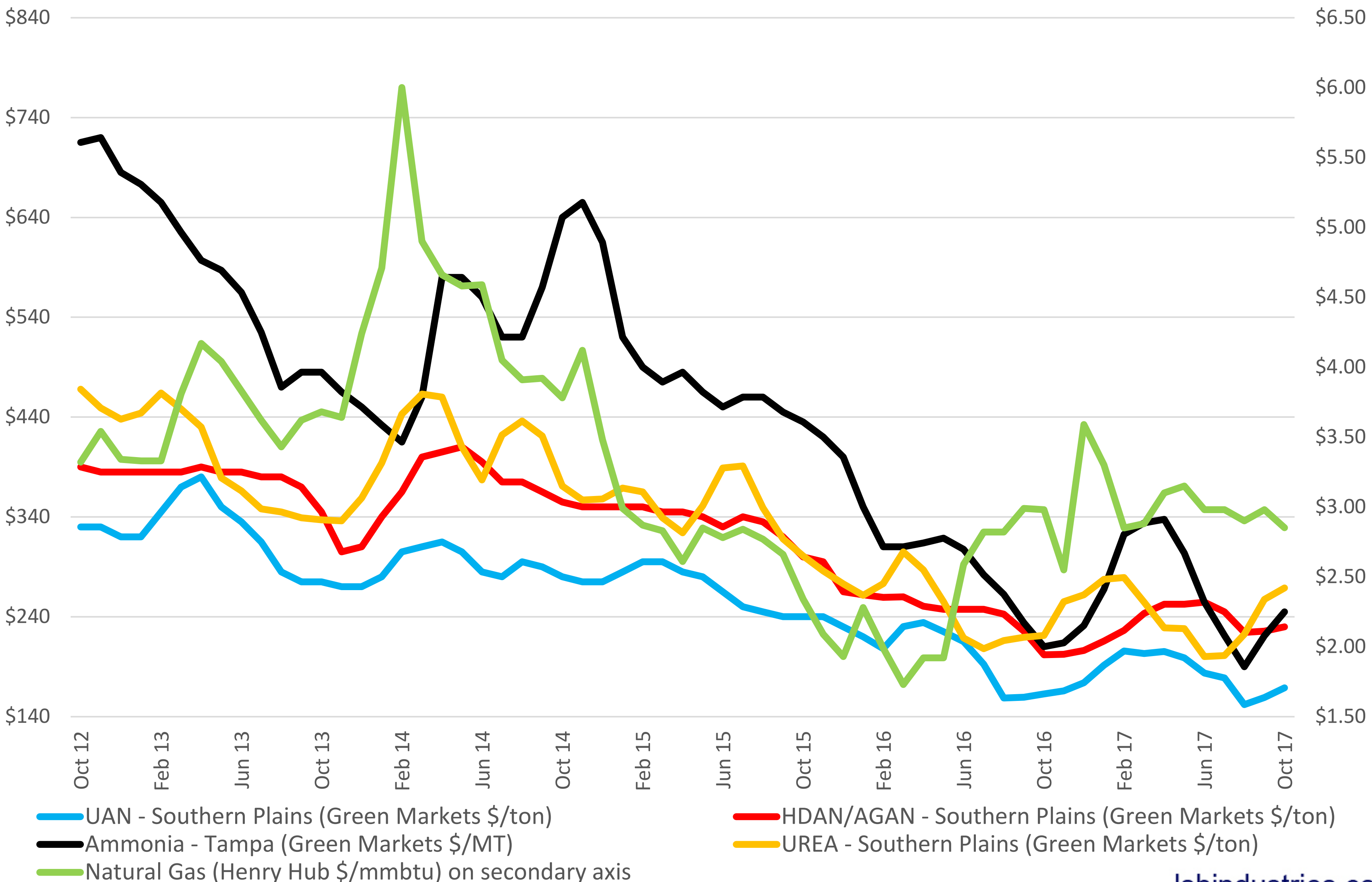

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Agricultural Chemicals –
Attractive Medium to Long-Term Industry Fundamentals

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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

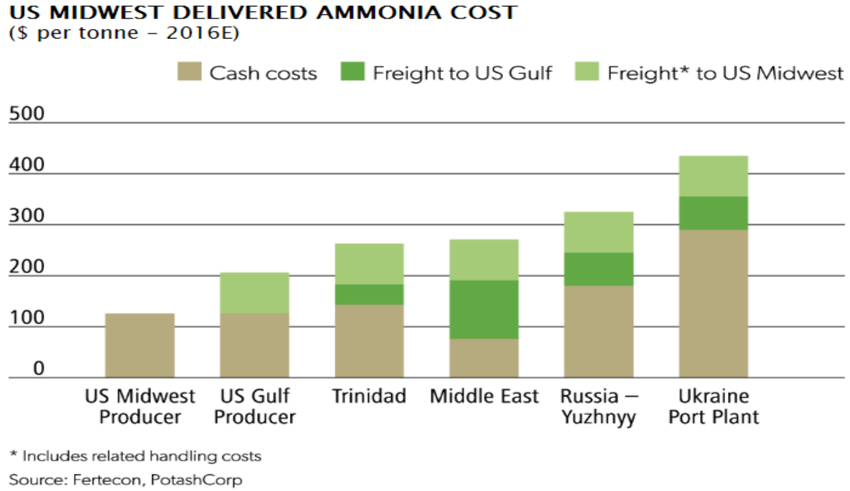
North American situation

- World grain usage continues to increase annually
- Latest USDA estimates, expect US 2017E corn planting down ~4% YoY, but still near all-time highs at ~90 million acres
- 2017/2018 crop expected to be the second highest yield and production on record for the U.S.
- 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

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



Operational Review

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Operational Review

El Dorado Ammonia

- Power interruption
- Auxiliary Boiler / Heat Exchanger Repairs
- Third quarter production averaged 1,320 tpd or 15% above nameplate capacity

Going Forward:

- Heat exchanger upgrades and replacements
- Electrical system upgrades UPS / Backup Power
- Optimize cost control and ensure the plant is on-stream 95%+
- Consistently produce at 1,300-1,350 tons / day
- Planning for 2018 turnaround

Pryor

- Ammonia repairs nearly complete; replacement of process gas preheat system; production third week November
- Power interruption and process control issues
- Reformer fire, new equipment installed

Going Forward:

- Engineering risk assessment of Ammonia and Urea plant by Black & Veatch
- New urea reactor to be installed in 4th Quarter 2018
- Engineering for process control automation underway

El Dorado Nitric Acid

- Nitric acid plant is operating at full rate

Going Forward:

- N2O abatement vessel in construction – completion in 2nd Qtr. 2018
- Modifying expander turbine to improve efficiency, under warranty
- In commercial discussions with contractors related to warranties claims

Cherokee

- On-stream rate above 95%

Going Forward:

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

Baytown

Current Status: Plant operating at full rates

Maintenance Management System Upgrades

- Commonality of platform across all plants
- Risk and critical ranking of all equipment and instrumentation
- Mechanical integrity program improvements
- Preventive and predictive maintenance
- Precision maintenance implementation and training
- Focus on root cause of equipment failures
- Operational consulting firm to assist and speed up implementation
- Implementation to be complete by the first half of 2018

Focus on Pryor

BD Energy Ammonia Plant Assessment

- Firm is expert in design of steam methane reformers
- Process Evaluation for the Ammonia plant
- Heat and material balance
- Improve performance, reliability and efficiency
- Study to deliver a full evaluation of the operation and performance of the primary and secondary reformers completed Q1 2018

Black & Veatch Full Plant Assessment

- Risk review of mechanical and electrical reliability issues for entire plant
- Cost estimates for recommended improvements
- Study to be completed Q1 2018

Financial Review

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LSB Consolidated Financial Highlights

Third Quarter 2017

($ In Millions, Except EPS)	Three Months Ended September 30, 2017	2016	Change	Nine Months Ended September 30, 2017	2016	Change
Net sales	**$92.4**	**$80.3**	**$12.1**	**$338.6**	**$289.2**	**$49.4**
Gross profit (loss)	**($7.3)**	**($36.3)**	**$29.0**	**$15.7**	**($40.4)**	**$56.1**
% of net sales	*-7.9%*	*-45.2%*	*37.3%*	*4.6%*	*-14.0%*	*18.6%*
Selling, general and administrative expense	**$8.0**	**$10.0**	**($2.0)**	**$26.7**	**$31.7**	**($5.0)**
% of net sales	*8.7%*	*12.5%*	*-3.8%*	*7.9%*	*11.0%*	*-3.1%*
Operating loss	**($15.4)**	**($45.9)**	**$30.5**	**($13.3)**	**($72.1)**	**$58.8**
% of net sales	*-16.7%*	*-57.2%*	*40.5%*	*-3.9%*	*-24.9%*	*21.0%*
Interest expense, net	**$9.3**	**$13.3**	**($4.0)**	**$28.0**	**$21.1**	**$6.9**
Non-operating other expense (income), net	**($0.9)**	**$2.5**	**($3.4)**	**($0.4)**	**$0.5**	**($0.9)**
Loss from continuing operations before benefit for income taxes	**($23.8)**	**($61.7)**	**$37.9**	**($40.9)**	**($93.7)**	**$52.8**
Benefit for income taxes	**($6.7)**	**($22.3)**	**$15.6**	**($10.8)**	**($30.8)**	**$20.0**
Income from discontinued operations, net of taxes	**$0.0**	**$173.0**	**($173.0)**	**$0.0**	**$196.6**	**($196.6)**
Net income (loss)	**($17.1)**	**$133.6**	**($150.7)**	**($30.1)**	**$133.7**	**($163.8)**
% of net sales	*-18.5%*	*166.4%*	*-184.9%*	*-8.9%*	*46.2%*	*-55.1%*
Diluted EPS (1)	**($0.91)**	**($2.25)**	**$1.34**	**($1.93)**	**($4.17)**	**$2.24**
EBITDA (2)	**$2.3**	**($31.0)**	**$33.3**	**$39.0**	**($29.6)**	**$68.6**
Adjusted EBITDA (2)	**$2.8**	**($26.5)**	**$29.3**	**$45.8**	**($7.2)**	**$53.0**

(1) Excludes discontinued operations.

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

Third Quarter – 2017 vs. 2016

($ In Millions)

	Q3 2017	Q3 2016		Normalized
Total Consolidated Adjusted EBITDA	**$2.8**	**($26.5)**		
2016			**($26.5)**	($26.5)
Net Sales Price Impact			(5.8)	-
Natural Gas			(0.4)	-
Net Sales Volume Impact			8.3	8.3
Other Costs				
Lower plant costs / improved absorption			25.2	25.2
Lower SG&A / corporate overhead			2.0	2.0
2017			**$2.8**	
Normalized Q3 2017				**$9.0**(1)

(1) Assumes pricing and natural gas environment consistent with Q3 of 2016.

Capital Structure

$ In Millions	9/30/17
Cash	**$ 53.1**
Senior Secured Notes	375.0
Working Capital Revolver ($38.6 mm of availability at 9/30/17)	-
Other Debt	40.8
Unamortized Discount and Debt Issuance Costs	(5.4)
Total Long-Term Debt, Including Current Portion, net	**$ 410.4**
Series E and F Redeemable Preferred Stock ($179.0 million liquidation preference including accrued dividends)	**$ 167.1**
Total Stockholders' Equity	**$ 445.2**

Key Information:

Senior Secured Notes

- $375 million at 8.5%
- Due August 2019
- Call Premium 101.9 until 8/1/2018 and then at par

Working Capital Revolver

- $50 million (Prime + 50 bps)
- Expires January 2022
- No borrowings at September 30, 2017

Free Cash Flow

$ In Millions	Nine Months Ended September 30, 2017	2016	Change
Net income (loss)	**$ (30.1)**	**$ 133.7**	**$ (163.8)**
Income from discontinued operations, net of taxes	-	(196.6)	196.6
Depreciation, depletion and amortization of property plant & equipment	50.3	41.5	8.8
Change in Working Capital and Other(1)	(0.9)	20.6	(21.5)
Net Cash provided (used) by Continuing Operating Activities	**$ 19.3**	**$ (0.8)**	**$ 20.1**
Capital expenditures for property plant & equipment	(25.2)	(202.2)	177.0
Net proceeds from sale of a business and other property and equipment(2)	22.6	-	22.6
Free Cash Flow from Operations and Investing(3)	**$ 16.7**	**$ (203.0)**	**$ 219.7**
Net cash used by financing	(21.7)	(90.8)	69.1
Net proceeds from sale of discontinued operations	-	349.4	(349.4)
Net cash used by discontinued operations	(2.4)	(3.3)	0.9
Other	0.4	(103.5)	103.9
Change in Cash and Cash Equivalents	**$ (7.0)**	**$ (51.2)**	**$ 44.2**

(1) Working capital and other includes changes in accounts receivable, inventory, prepaids, accounts payable, accrued liabilities, customer deposits, and deferred taxes.

(2) Includes a prepayment of $2.3 million for the sale of our industrial machinery business and $1.4 million for the sale of various non-core assets during the third quarter of 2017.

(3) 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.

Areas of Focus

- Implementation of enhanced plant maintenance management system
  - KPIs, RCA guidelines, training
  - Design of predictive and preventative maintenance methods
  - Enhanced analytics and work management
- MRO and supply optimization
  - Strategic sourcing strategy and execution
  - Working Capital improvement and efficiency
- Focused/coordinated logistics leading to improved coordination, streamlined processes and lower cost
  - Railcar fleet optimization
  - Supplier performance management program
  - Simplified structure
- Continued reduction of SG&A costs

Appendix

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EBITDA Reconciliation

LSB Consolidated ($ In Millions)	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Net income (loss):	**($17.1)**	**$133.6**	**($30.1)**	**$133.7**
Plus:				
Interest expense	9.3	13.3	28.0	21.1
Depreciation, depletion and amortization	16.8	17.3	51.9	42.9
Benefit for income taxes	(6.7)	(22.2)	(10.8)	(30.7)
Income from discontinued operations	-	(173.0)	-	(196.6)
EBITDA (1)	**$2.3**	**($31.0)**	**$39.0**	**($29.6)**
Consulting fee - Negotiated property tax savings at El Dorado	-	-	-	12.1
Stock based compensation	1.2	1.3	4.0	3.2
Start-up/ Commissioning costs at El Dorado	-	-	-	5.1
Severance costs	-	0.7	-	0.8
Derecognition of death benefit accrual	-	-	(1.4)	-
Loss on sale of a business and other property and equipment	-	-	4.3	0.6
Fair market value adjustment on preferred stock embedded derivatives	(0.7)	2.5	(0.1)	1.0
Delaware unclaimed property liability	-	-	-	0.3
Life insurance recovery	-	-	-	(0.7)
Adjusted EBITDA (2)	**$2.8**	**($26.5)**	**$45.8**	**($7.2)**

(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, 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 one time/non-cash items such as, loss on sale of a business and other property and equipment, one-time income or fees, start-up/commissioning costs, certain fair market value adjustments, non-cash stock based compensation and severance costs. We believe that the inclusion of supplementary adjustments to EBITDA is appropriate to provide additional information to investors about certain items. The tables 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.

Consolidated EBITDA

Sensitivity Analysis (*$ In Millions*)

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