VERTEX ENERGY

Investor Presentation

Producing Tomorrow's Energy

November 2016

VTNR
NASDAQ LISTED

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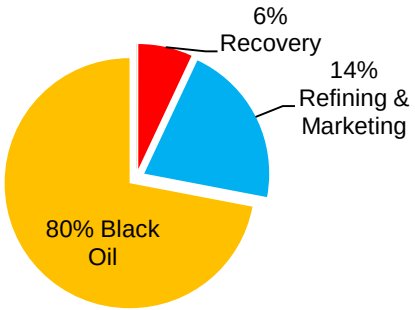
Industry Information

Information regarding market and industry statistics contained in this presentation is based on information available to us that we believe is accurate. It is generally based on publications that are not produced for investment or economic analysis.

Company Snapshot

- A Refiner and Marketer of high-quality specialty hydrocarbon products
- One of the largest processors of used motor oil in the United States, with nationwide processing capacity of over 115 million gallons annually
- Operates in the entire value chain, including collections, aggregation, re-refinement, and sales of aggregated feedstock and re-refined products to end users
- Proprietary UMO re-refining process technologies that produce Group II base oil, VGO, and high value fuel
- Flexible, scalable, and efficient platform
  - Internal feedstock collection and refining capabilities
  - Leverage third-party collectors and refineries
- Regional model that can be replicated across the USA to manage logistics and reduce costs

Revenue Breakdown - LTM



Business Update

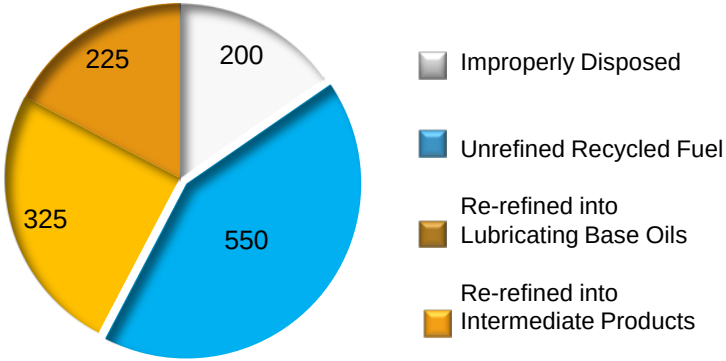
- Steps taken to build an all weather business with the ability to manage spreads in any crude oil environment
  - Growing street-level charge-for-oil and reducing prices on third party purchases
  - Increasing percentage of finished product being shipped into the high-value marine diesel market (meets SECA spec)
- Heartland Investments have created momentum in the business
  - Improved Efficiencies and additional streams will boost results
- Significant asset value with earnings leverage potential
  - $12 million of bank debt and $35 million aggregate face value of convertible preferred securities
- Divested Bango assets (January 2016) to focus on the core
  - Retired $16 million of Goldman Sachs debt in conjunction with the transaction (now less than $5.0 million).
  - Non-productive asset which was a cash drain on the business of **$5.0** million annually
  - 5 year, 7 million gallon swap agreement provides significant logistical cost savings

Focused on profitability & growing free cash flow through greater operational & pricing discipline

Used Motor Oil Recycling Industry

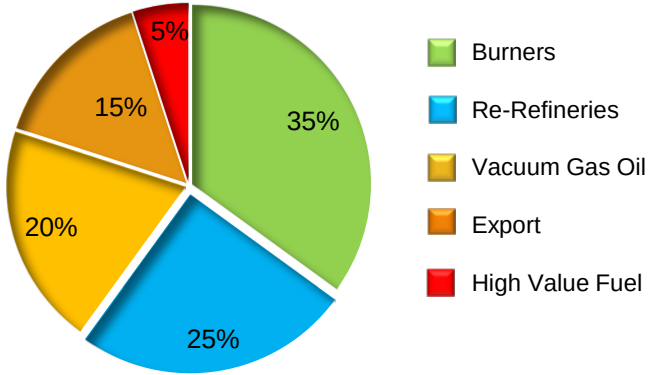
- The U.S. used motor oil recycling industry is approximately $2.4 - $2.8 billion
- Of the approximately 1.3 billion gallons of used oil generated annually, less than 50% is re-refined while the rest is burned or disposed of improperly
- Cheap natural gas creating need for more re-refinement and processors like Vertex
  - Used oil collectors historically sold to local industrial burners
  - Industrial burners are switching to cheap natural gas, and collectors without infrastructure are now selling to re-refineries
  - Market price for burning linked to cheap natural gas while price for re-refined oil is more closely linked to higher priced diesel
  - As more of the 600 million gallons of burned oil is re-refined, the market size will increase considerably assuming the spread between diesel and natural gas holds

*1.3 Billion Gallons of Used Oil



** Midpoint of estimated ranges; gallons in millions*

Markets for Used Motor Oil



Integrated Recycling & Refining Company

Aggregation

- Third-party aggregation network of ~50 collectors across the U.S.
- 2 terminals for aggregation located in Houston, TX, and Mobile, AL

Collection

- Growing street-level collection expertise – 20 million+ gallons
- 43 trucks operating as collectors across 10 states
- Higher-margin internal collection strategy

Re-refining

- Nationwide processing capacity of over 115 million gallons
- Developed and patented unique UMO processing technology (TCEP)

Sales

- Deep market knowledge of intermediate (base oil, VGO, low-sulfur cutter) and finished product (lube oil)
- Regional model fosters strong, localized sales relationships

VERTEX ENERGY

Vertex Divisions

Black Oil | **Refining & Marketing** | **Recovery**

Black Oil

The Black Oil Division collects, aggregates, processes and sells used motor oil and finished products.

- **Collection** – Own and operate a fleet of vehicles which collects used motor oil from a network of approximately 5,000 generators
  - 20.3 million gallons collected during the last 12 months**
- **Aggregation** – Purchase third-party barrels of used oil from a network of approximately 50 collectors across the U.S.
  - ~58.3 million gallons aggregated over the last 12 months**
- **Re-refining** – Process used motor oil in-house using proprietary:

  VGO Re-refining – produced 41.9 million gallons

  Group II base oil – produced 8.4 million gallons

  TCEP technology – did not run during last 12 months
- **Sales** – Sale of used motor oil and re-refined products.

Black Oil
LTM Revenue: $69.9MM (80% of Total)**
LTM Gross Profit: $8.1MM (11.5% Margin)**

***Last 12 Months**, or **LTM**, refers to the 12 month period ended 9/30/2016*

Refining & Marketing

The Refining & Marketing Division aggregates and manages the refining of off-specification petroleum and chemical products and sells the re-refined products to end customers.

- Source feedstock from commercial sources including pipeline operators, refineries, chemical processing facilities and third-party providers
- Processing completed with KMTEX, a third-party refinery
- Produce Various End Products:
  - Gasoline blendstock – raw gasoline sold to blenders
  - Pygas – feedstock used by chemical companies
  - Fuel oil cutter stock – used in residual blends

Refining & Marketing

LTM Revenue:**
$12.7MM (14% of Total)

LTM Gross Profit:**
$2.5MM (20% Margin)

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Recovery

The Recovery Division provides hydrocarbon stream recovery and management solutions as well as industrial dismantling, demolition and decommissioning services.

- Through this division, Vertex owns 8 trucks and heavy equipment used for processing, shipping and handling of reusable equipment
- These services are currently provided in 13 states, primarily in the Gulf Coast and Midwest
- In the last 12 months**, this division aggregated approximately 6.5 million gallons of used motor oil and other petroleum by-product feedstocks

Recovery

LTM Revenue:**
$5.3MM (6% of Total)

LTM Gross Profit:**
$.8MM (15% Margin)

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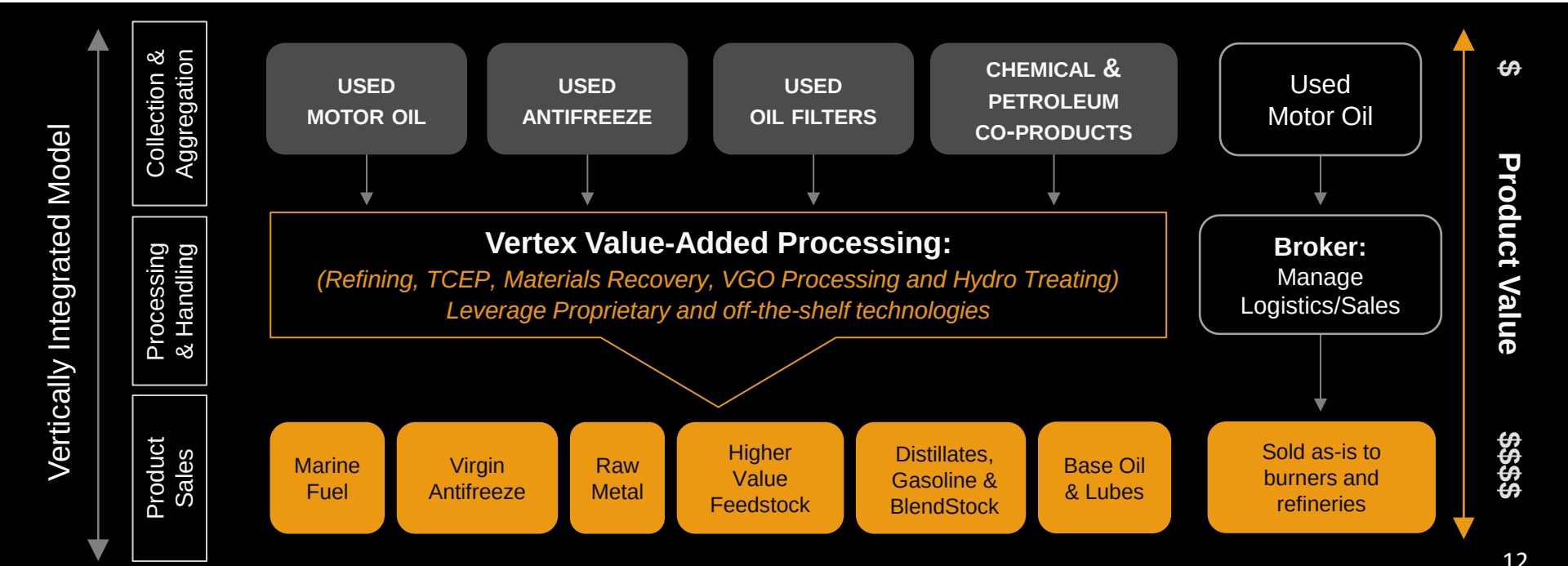
Company Snapshot

WHAT WE DO

What we do

- Vertex collects feedstocks and processes them into higher value products for end users
  - Vertically integrated across the value chain collecting a variety of feedstocks from the same customer
- Vertex also acts as a broker of used oil to strategically control more used oil supply



Used motor oil recycling value chain

Generators → Collectors → Aggregators → Processors → End Users

- Jiffy Lube®, car dealerships, etc.

- Collect used oil from generators
- Highly fragmented

- Purchase used oil from collectors
- Sell and deliver it as feedstock for processors

- Technology upgrades feedstock into higher value end products

- End product is used as an industrial fuel, ship fuel, base oil or refinery feedstock

Vertical integration enables Vertex to control more of the value chain and capture higher margins.

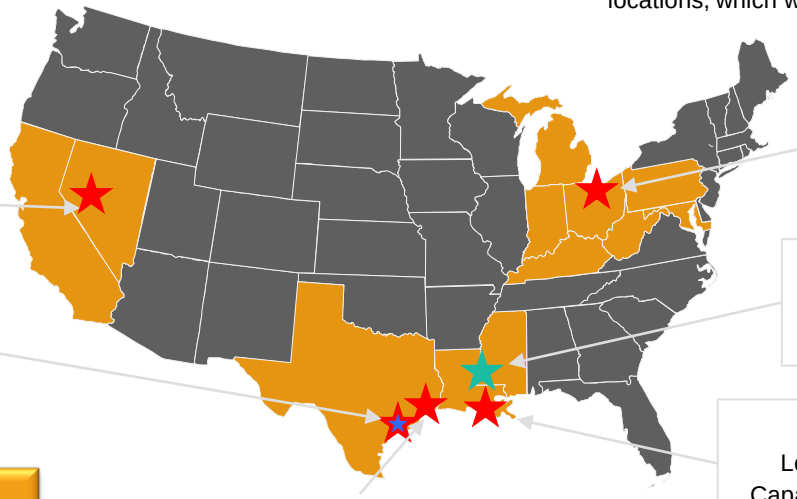
National footprint – Regional focus

National Footprint

Vertex maintains a national footprint with the capabilities to collect/aggregate feedstock across the country and from major transportation hubs.

Regional Model

Vertex now operates regional hubs in highly strategic locations, which will optimize transportation costs.



Swap Agreement
Regional Swap Agreement with CLH

TCEP Facility
Location: Baytown, TX
Capacity: 35 million gallons

Heartland Facility
Location: Columbus, OH
Capacity: 18 million gallons

Myrtle Grove
Location: Belle Chasse, LA
Currently unutilized refining asset

Marrero Facility
Location: Marrero, LA
Capacity: 60 million gallons

Port Arthur
Location: Port Arthur, TX
Operates under tolling agreement

Vertex operates as a national player (~23% of total UMO refining capacity in North America) while maintaining effective logistical expertise and cost-effectiveness of a regional refiner.

- Terminal – Aggregation facility
- Operating & Manufacturing Refineries
- Facility to be developed

Vertex®

FACILITIES

Refining facilities

TCEP facility (Baytown)

Location: Baytown, Texas
Capacity: 35 million gallons
Finished Product: Low sulfur cutterstock
Strategic Benefit:

- Highly strategic location to export market for Gulf refiners
- Proprietary TCEP technology requires low capital expenditures relative to other refining processes
- Strong demand for regional product blending

Marrero (Louisiana)

Location: Marrero, Louisiana
Capacity: 60 million gallons
Finished Product: Vacuum Gas Oil (VGO)
Strategic Benefit:

- Diversification of product mix
- New eco-fuel/marine market capabilities
- Strategic logistical supply location near Mississippi River market

Heartland (Ohio)

Location: Columbus, Ohio
Capacity: 18 million gallons
Finished Product: Base oil
Strategic Benefit:

- Diversifies range of refined products
- Only refinery in U.S. to serve the Northeast
- Expands collected gallon capacity rather than purchasing from third party

Other facilities

KMTEX (Port Arthur)

Location: Port Arthur, Texas
Finished Product: Gasoline blendstock, pygas, cutterstock
Strategic Benefit:

- Tolling agreement for strategically located re-refining capacity

Myrtle Grove

Location: Myrtle Grove, Louisiana
Strategic Benefit:

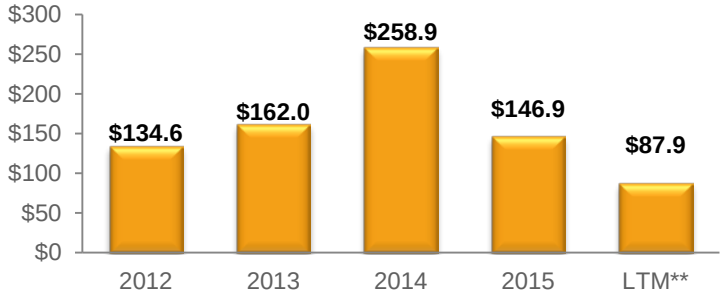
- Capability for low-capex conversion to produce base oil, white oil or other specialty materials and a hydrocarbons reclamation facility
- Barge and rail access, subject to permit approval and infrastructure development

Vertex®

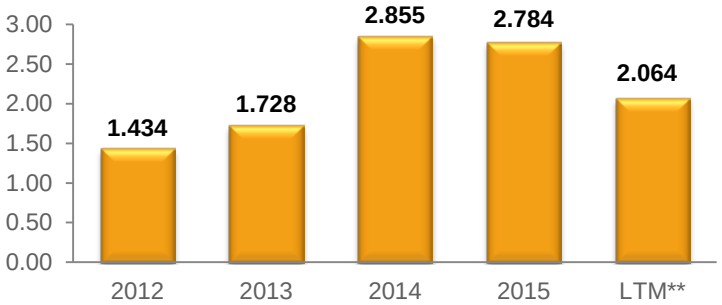
FINANCIALS

Financials

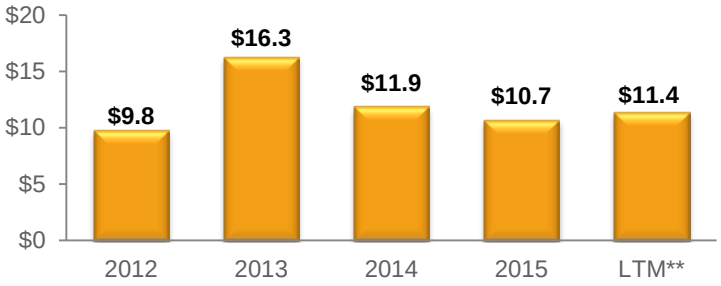
Revenue ($MM)



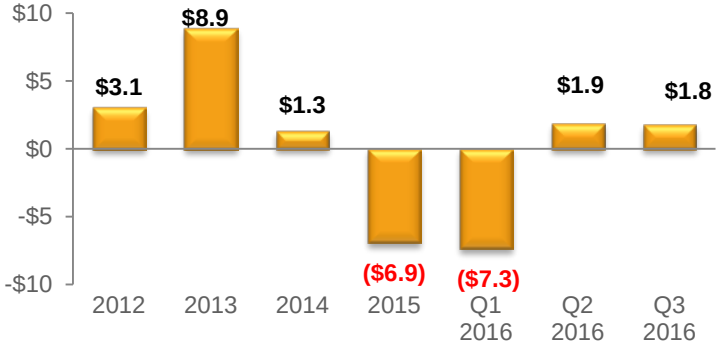
Total Volume (MMBbls)



Gross Profit ($MM)



EBITDA ($MM)



***Last 12 Months**, or **LTM**, refers to the 12 month period ended 9/30/2016*

Financials

Period *($ in millions except per share data)*	**2012**	**2013**	**2014**	**2015**	**LTM ending 9/30/2016**
Volume (Barrels)	1,434,280	1,728,071	2,854,757	2,784,363	2,064,486
YoY or YoLTM Change	*22.0%*	*20.4%*	*65%*	*(2)%*	*(25)%*
Revenue	$134.6MM	$162MM	$258.9MM	$146.9MM	$87.9MM
YoY or Yo LTM Change	*22.6%*	*20.4%*	*60%*	*(43)%*	*(40)%*
Gross Profit	$9.8MM	$16.3MM	$11.9MM	$10.7MM	$11.4MM
Gross Margin %	*7.3%*	*10.0%*	*4.6%*	*7.2%*	*12.9%*
EBITDA	$3.1MM	$8.9MM	$1.3MM	$(6.9)MM	$(4.5)MM
Adjusted EPS	$0.21	$0.44	$0.05	$(.25)	$(.14)

NOLs of ~$40MM

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Balance Sheet & Other Information

Balance Sheet As of September 30, 2016	
Cash & Cash Equivalents	$3.8M
Current Assets	$19.5M
Fixed Assets	$50.6M
Total Assets	$86.2M
Total Debt	$13.5M
Total Liabilities	$25.7
Convertible Preferred	$22.1M
Redeemable Preferred	$.5M
Stockholders' Equity	$38.4M

Depreciation & CAPEX LTM September 30, 2016	
Depreciation & Amortization	$6.6MM
Capital Expenditures	$3.4MM

Shares Outstanding As of September 30, 2016	
Basic Shares *(Includes Pfd A Shares not yet converted 1:1)*	31,008,902
Warrants *(Weighted Avg Strike Price - $2.35)*	9,119.935
Options *(Weighted Avg Strike Price - $17.44)*	2,943,582
Pfd B & B1 as if converted	17,396,802
Fully Diluted Shares	60,469,221

Term debt with Goldman Sachs is ~$4.8 million, and total debt is ~$13.5 million

Investment highlights

- **Second-largest processor of used motor oil (“UMO”) in North America, with processing capacity of over 115 million gallons (~23% of the North American UMO market)**
  - Overall volumes of product sold – which measures reach into the market – decreased 26% for the 12 mos. ended Q3 2016 versus Q3 2015
  - Street Collections increased 3% for the 12 mos. ended Q3 2016 from Q3 2015
  - Q3 2016 Margin 21% vs. Q3 2015 13%
- **Top-tier base of nationwide assets – creates an organization with deep vertical integration expertise across the UMO value chain**
  - Investment at Heartland facility will enhance long-term strategic model
  - Marine fuel sales should provide $.03 to $.05 per gallon improvement in the fourth quarter and provide a total of $.08 per gallon in 2017.
- **Regional model with strategic hubs located in key geographic areas**
  - Opportunity to optimize logistics, increase direct collections to capture additional margin
  - Allows for “local expertise” in each market, which leads to understanding and realizing increased leverage across the country
  - Market leverage around pricing – industry leaders in managing spread
- **New paradigm in the market for collected/aggregated UMO – shift toward an environmental services model**
  - Oil collection recently moved from pay-for-oil (“PFO”) to zero-pay (“ZP”) with the current trend toward charge-for-oil (“CFO”) – generators will pay Vertex to collect UMO
  - Current market price for UMO at the generator level is approximately $0.30/gallon versus $.12 at December 31, 2015 CFO versus $1.00/gallon PFO 12 months ago
  - Paradigm shift provides for opportunities to increase market share on the street
- **Proven experienced management with comprehensive industry knowledge**

Management team

Benjamin P. Cowart | *Chief Executive Officer, Chairman of the Board, Founder*
29 years petroleum recovery industry, pioneering the reclamation industry by developing recycling options for many hydrocarbon residual materials once managed as hazardous wastes

John Strickland | *Chief Operating Officer*
30 years management and marketing of fuels and petroleum blending operations

Chris Carlson | *Chief Financial Officer*
15 years financial management, energy, commodity, treasury and risk management

Matthew Dupay | *Manager of Refining & Marketing*
12 years processing, trading and marketing of petroleum and chemicals

Mike Stieneker | *General Manager of H&H Oil Collections*
20 years management and operations of Used Oil Collections

Alvaro Ruiz | *Vice President of Business Development and M&A*
20 years in manufacturing and services industries

Dave Peel | *Corporate Advisor*
Extensive leadership in operations, engineering, and expansive experience in industry and technical knowledge

Thank You