



1Q19 Results Conference Call

May 8, 2019

VTNR
NASDAQ
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Industry Information

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Executive Summary

First Quarter 2019

Financial Update

- > 1Q19 impacted by lower operating rates at Marrero; lower product margin realization
- > Entering 2Q19, all refineries are operating near peak nameplate capacity
- > Product margin realization improved materially in April and early May 2019 vs. 1Q19 levels
- > Trailing-Twelve Months (TTM) 1Q19 Adj. EBITDA of \$6.5 million vs. \$2.1 million TTM 1Q18

Collections Update

- > Total Direct Used Motor Oil (UMO) collections increased 18% y/y in 1Q19
- > Total Direct UMO collections as % of refinery feedstock was 39% in 1Q19 vs. 34% in 1Q18
- > TTM Direct UMO collections cost per gallon was \$0.35 per gallon less than third party

Refining Update

- > Marrero production levels impacted by unplanned downtime and flooding along GC waterways
- > 1Q19 Heartland refinery sales volumes +16% y/y, with base oil sales +18.5% y/y
- > Product spreads have widened entering 2Q19 above 1Q19 levels

Strategic Update

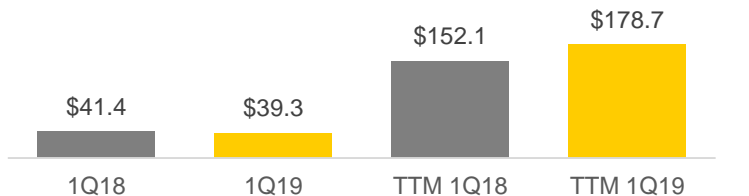
- > Safe and reliable refining operations supported by organic growth in direct UMO collections
- > Approaching IMO 2020 transition – significant upside potential for Marrero Refinery
- > Disciplined capital management contributes to positive free cash flow in 2019

Key Financial Metrics

TTM 1Q18 vs. TTM 1Q19

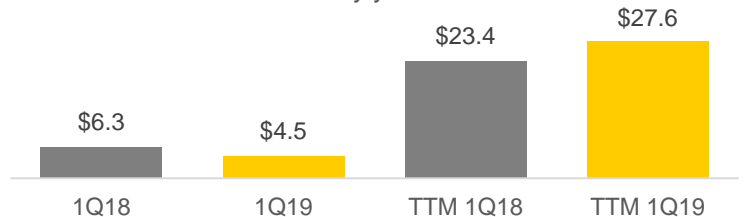
Total Revenues (\$MM)

Positive TTM Growth Trend +17.4% y/y



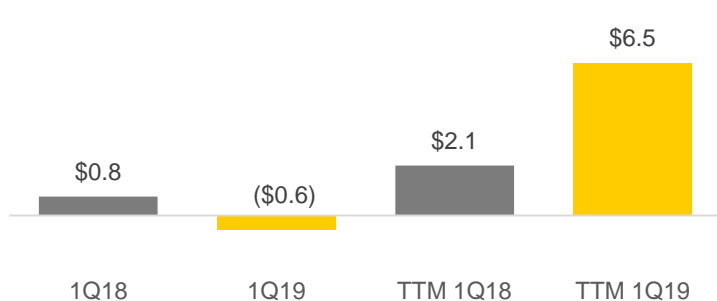
Total Gross Profit (\$MM)

Positive TTM Trend +17.5% y/y



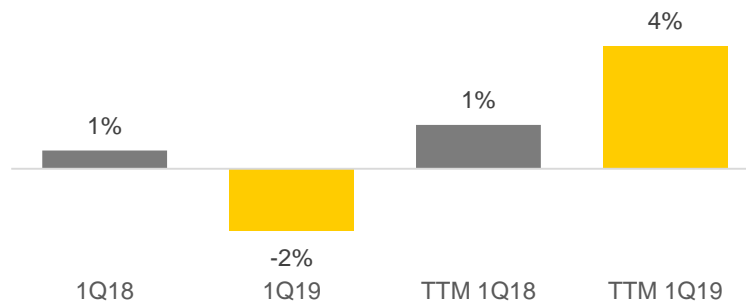
Adjusted EBITDA (\$MM)

Positive TTM Trend +227% y/y



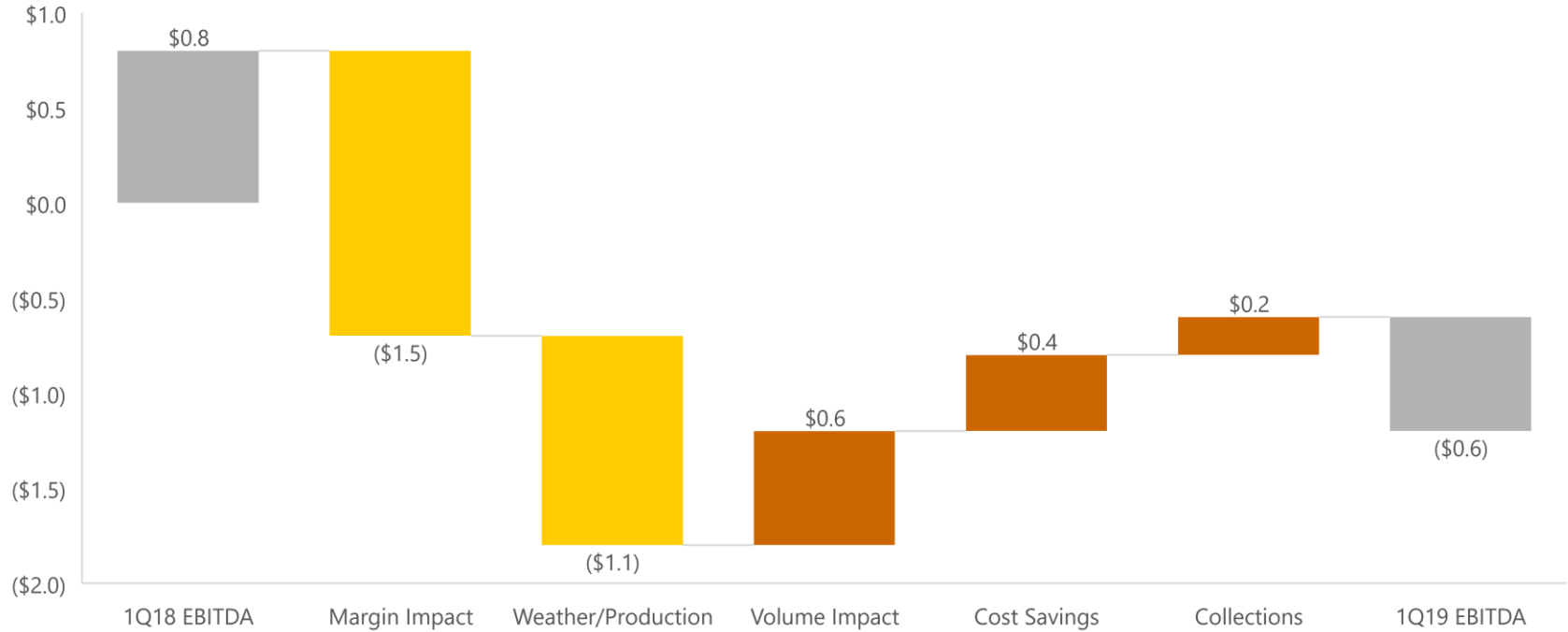
Adjusted EBITDA Margin (%)

Positive TTM Trend with +300 bps Improvement



Adjusted EBITDA Bridge

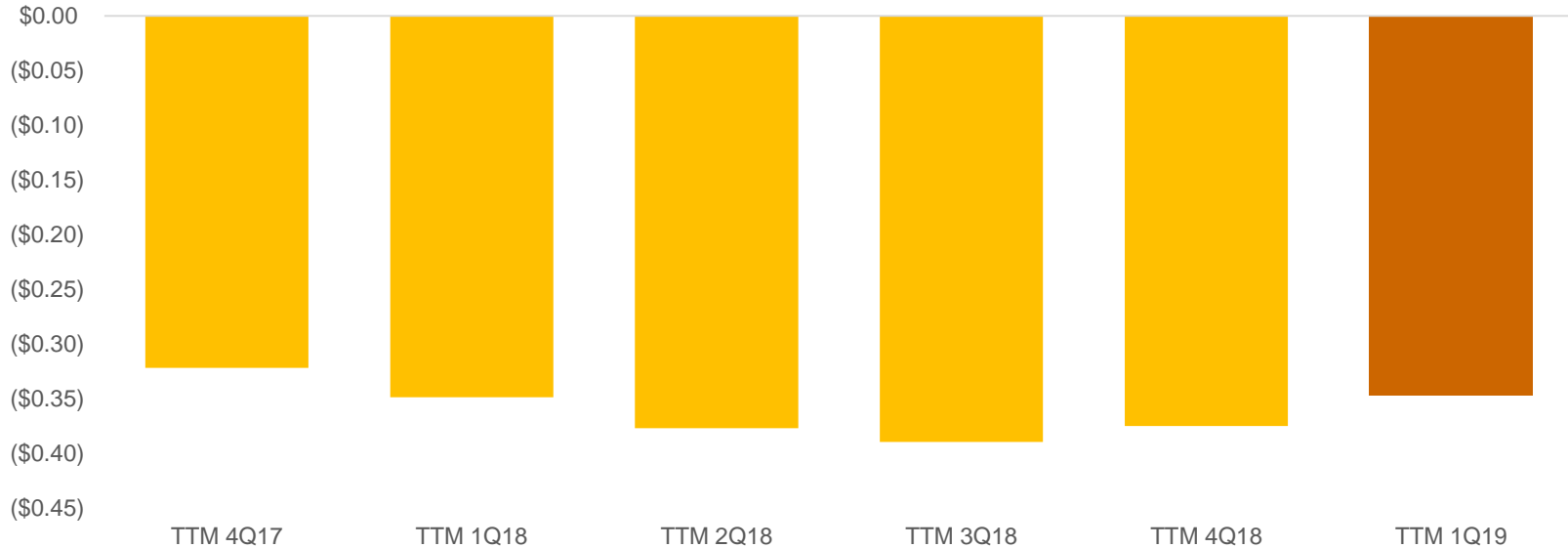
1Q18 vs. 1Q19 (\$MM)



Economic Advantage To Direct UMO Collections

Directly Sourced UMO Materially Less Than Third-Party Supply

TTM Variance In Cost Between 1 Gallon of Directly Sourced UMO vs. 1 Gallon of Third-Party Supplied UMO
Significant Potential Opportunity To Reduce Feedstock Costs

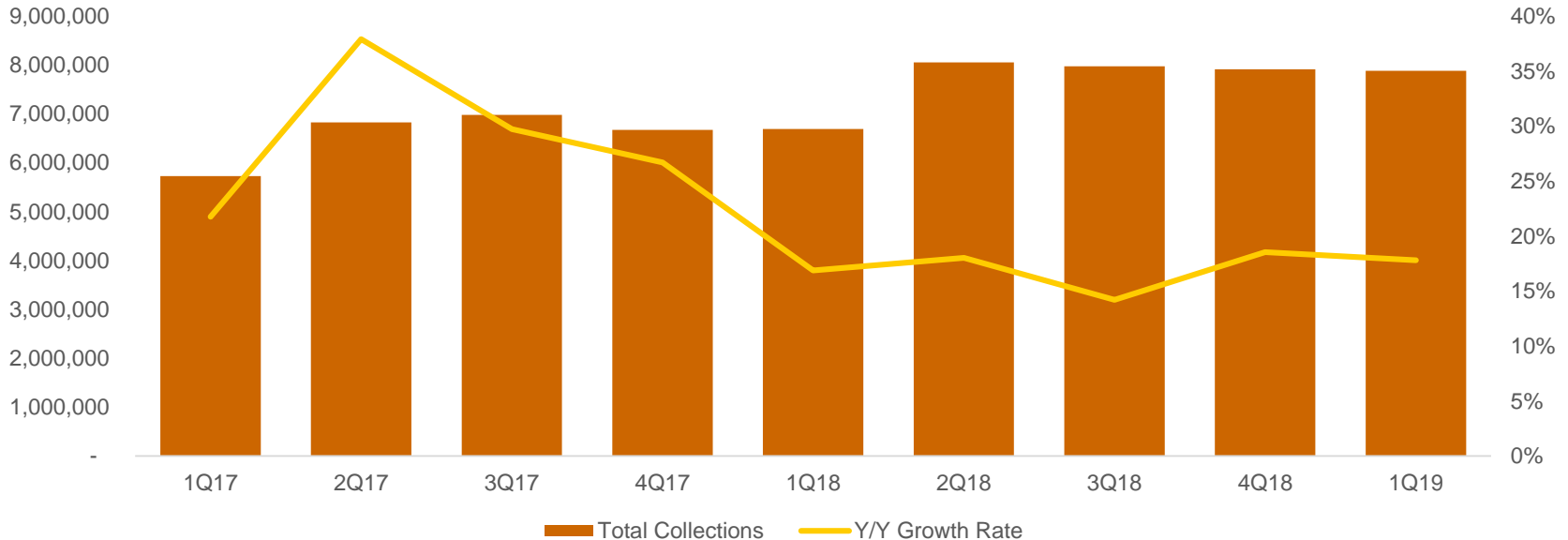


Sustained Growth In Total Direct UMO Collections

Total Collections Increased 18% Y/Y in 1Q19

Vertex Has Maintained Robust Y/Y Direct UMO Collections Growth

On Average, Direct UMO Collections Have Grown 17% y/y Per Quarter During The Last Four Quarters (in Gallons)

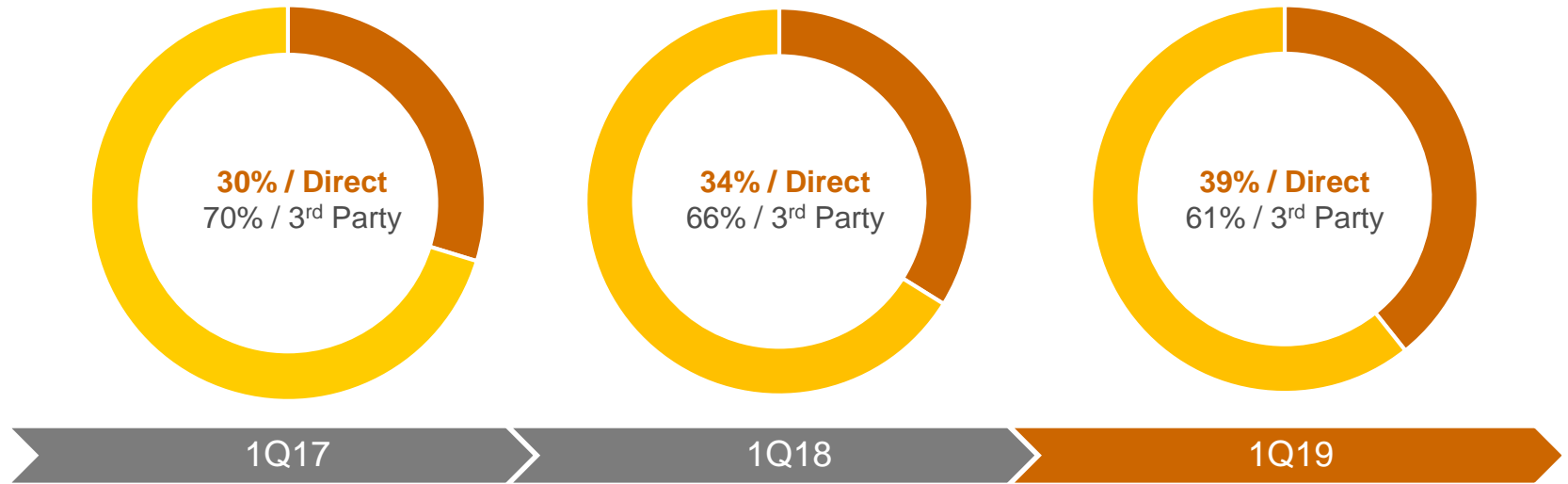


Reweighting Feedstock Mix Toward Direct UMO Collections

39% of All Collections Are Cost-Advantaged Direct Collections

Increasing The Mix Toward Direct Collections Could Result in Significant Feedstock Savings

Purchased 53 Million Gallons of Third-Party Feedstock in 2018



Margin Decline The Result of Higher Feedstock Costs

We Anticipate Feedstock Costs Will Decline In 2019 and 2020

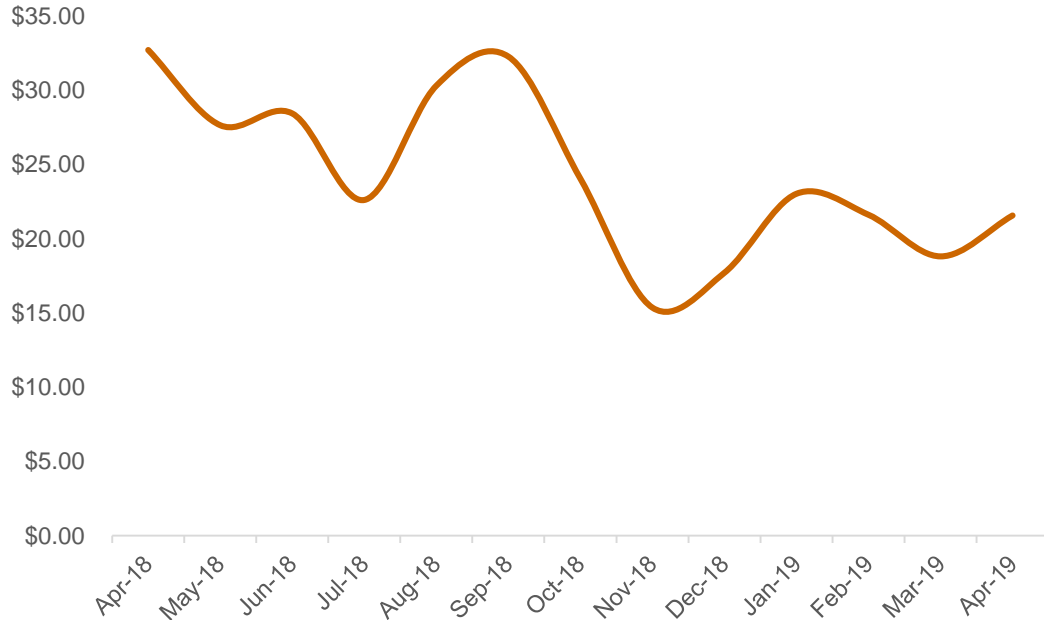
VTNR “Clean-Dirty” Spread

Cost Inputs / Product Pricing

- > We purchase UMO (e.g. feedstock) at a discount to 3% high sulfur fuel oil (HSFO); we price our finished product versus to NY Harbor Ultra Low Sulfur Diesel Fuel (ULSD)
- > The “spread” between the UMO cost and our finished product price is our gross margin per gallon sold
- > IMO 2020 is expected to reduce the value of 3% HSFO; as 3% HSFO oil costs decline, so will UMO (feedstock) costs
- > Even as our feedstock costs decline, we project that benchmark diesel prices for low sulfur marine fuel will rise materially leading up to IMO 2020

Implies Spread Between 3% HSFO and ULSD NYMEX \$/bbl

Higher 3% HSFO Costs Temporarily Impacted Distillate Margin Capture

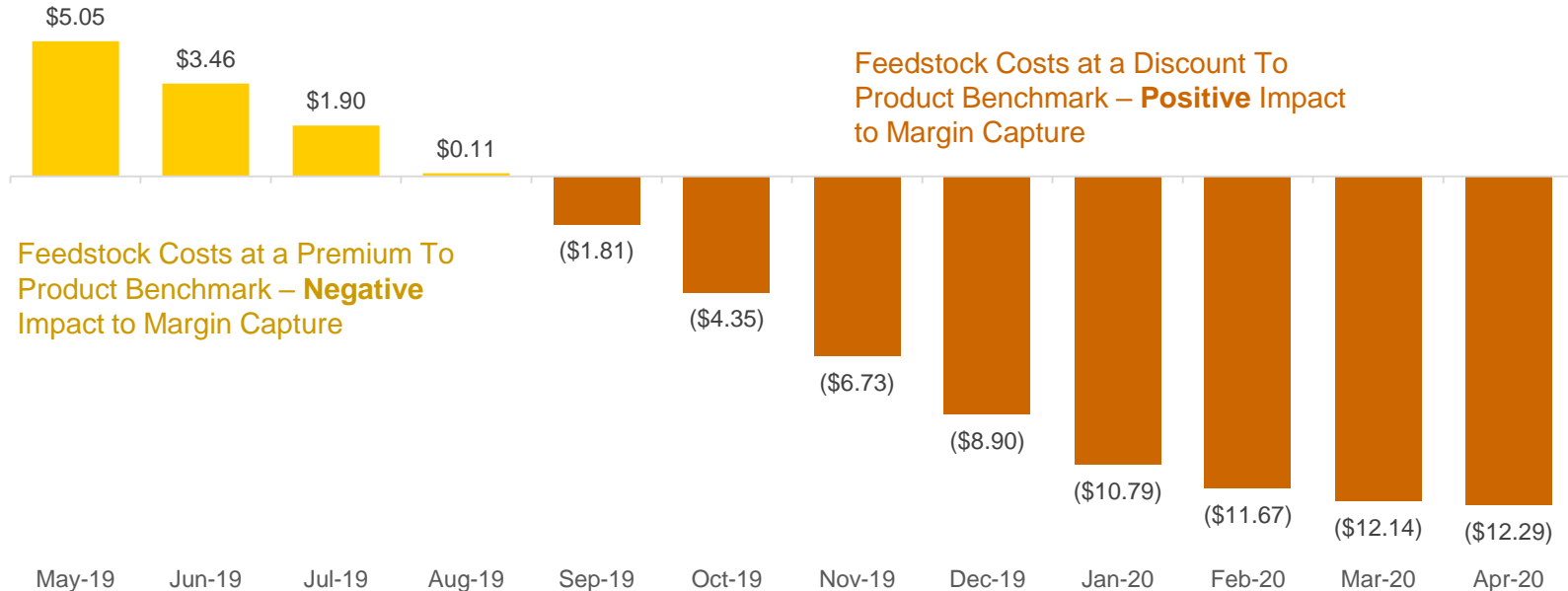


Future Strip Implies Material Improvement In VTNR Margins

UMO Costs Expected To Track Decline In High Sulfur Fuel Oil

Projected Futures Spread Between WTI and USGC 3% High Sulfur Fuel Oil (Proxy for UMO Feedstock)

Implies \$17 per barrel (or \$0.40 Per Gallon) Improvement in Spread Over The Next 12 Months



Strategic Growth Opportunities

Focused on Collections Growth, Marine Fuel, Group III Base Oil Production

High-Return Growth Opportunities

Limited Capital Requirements

Collections Growth

- > Expand service radius outside of immediate vicinity of refining assets
- > Increase current-customer off-take
- > Grow truck fleet to increase existing market penetration

High Probability

TCEP (IMO Play)

- > Use proprietary TCEP technology to convert UMO into diesel replacement
- > Use TCEP product stream to blend w/ high sulfur fuel, thereby creating IMO spec distillate

High Probability

Third-Party Financing Required

Group III Base Oil Production

- > Commence production of high-value Group III base oils at our Belle Chasse, LA and Heartland, OH facilities
- > Capitalize on U.S. Group III demand - 10% CAGR

Med/High Probability

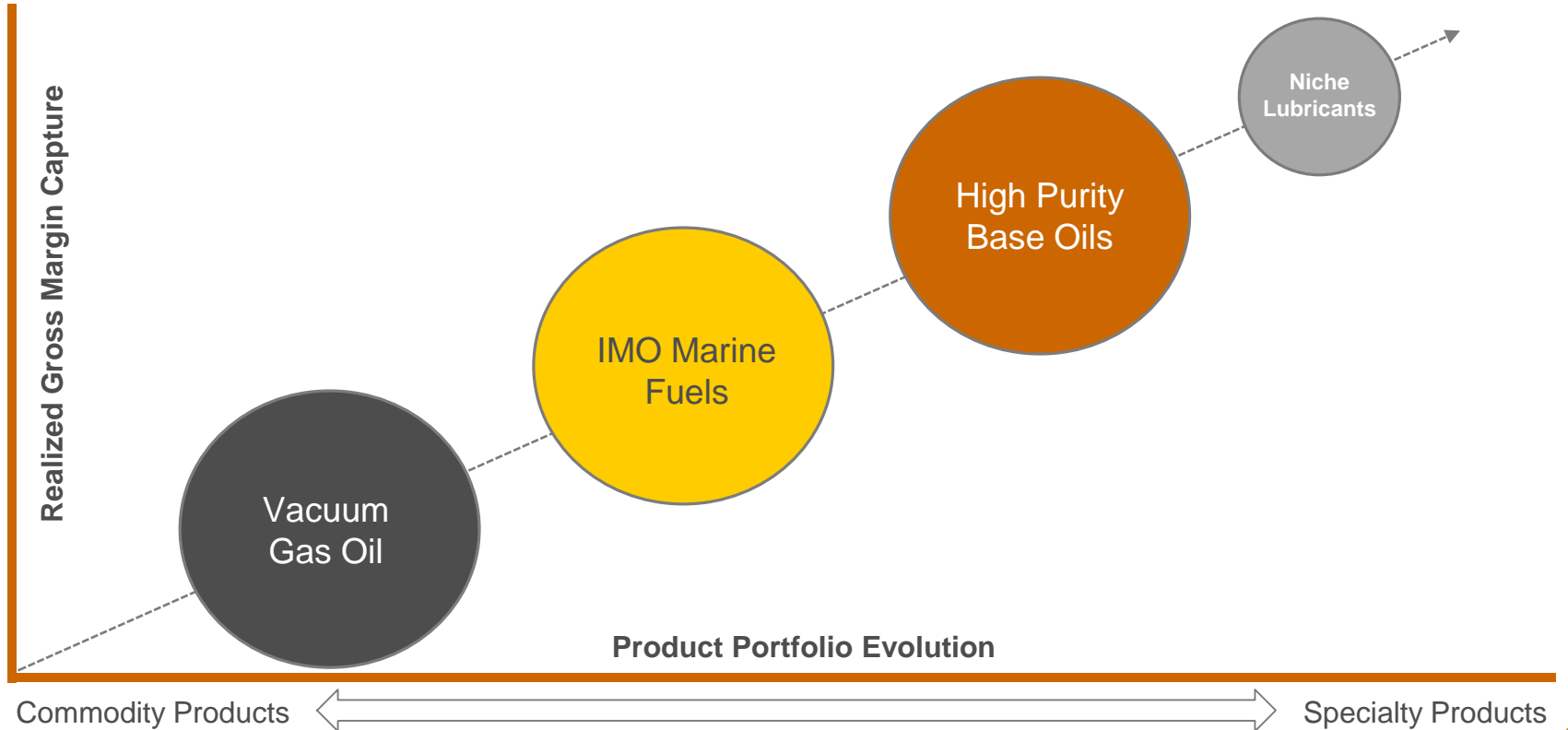
LS Fuel Production (IMO Play)

- > Begin producing low sulfur diesel fuel from crude oil for the marine and residual fuel market at our facility in Baytown, TX w/ new crude topping unit
- > Strategically located directly outside the Houston Ship Channel

Low/Med Probability

Moving Up The Value Chain

Multi-Year Transition From Commodity To Branded Products

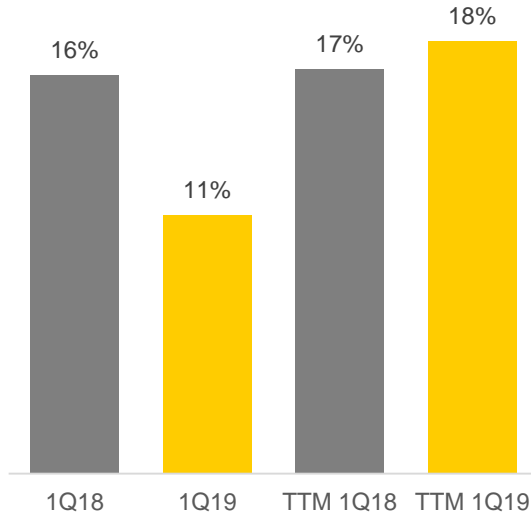


Positive TTM Margin Trend In Black Oil Segment

Black Oil Segment Represented 78% of Gross Profit in 1Q19

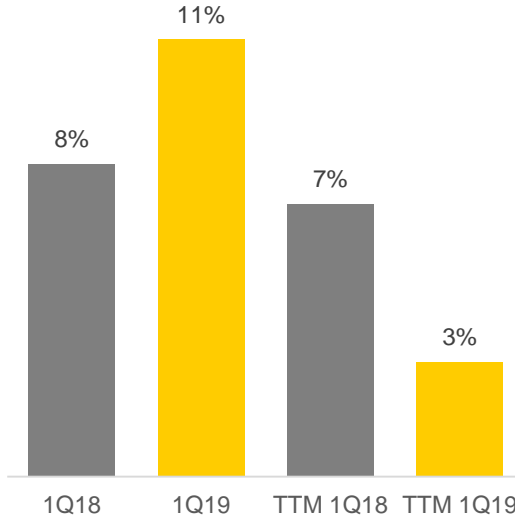
Black Oil Segment

Positive TTM Gross Margin Trend (%)



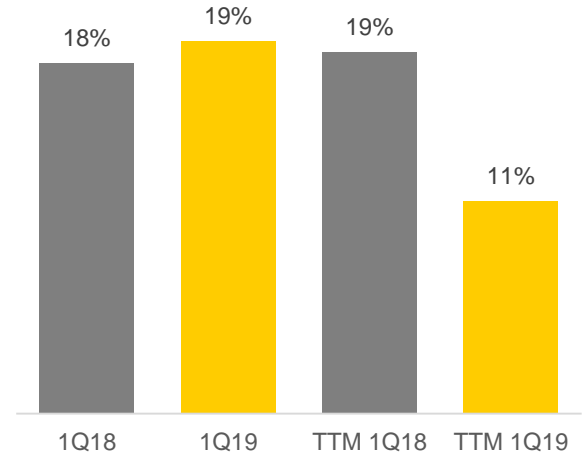
Refining/Marketing Segment

Positive Y/Y Gross Margin Trend



Recovery Segment

Positive Y/Y Gross Margin Trend

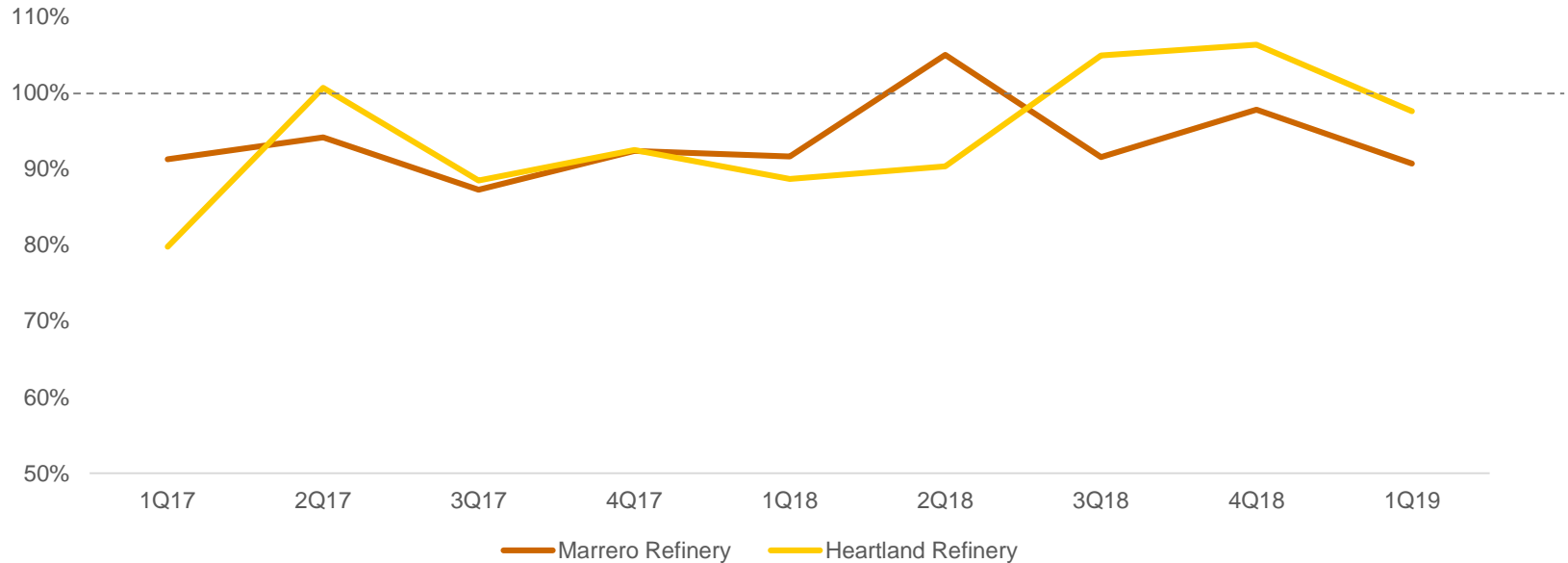


Operating a Safe, Reliable Refining System

Marrero and Heartland Refineries Approaching Full Utilization

TTM Average Utilization at Marrero is 96% of Nameplate Capacity

Heartland Has Average Utilization of 100% on a TTM Basis



Marrero, Louisiana Refinery Update

First Quarter 2019

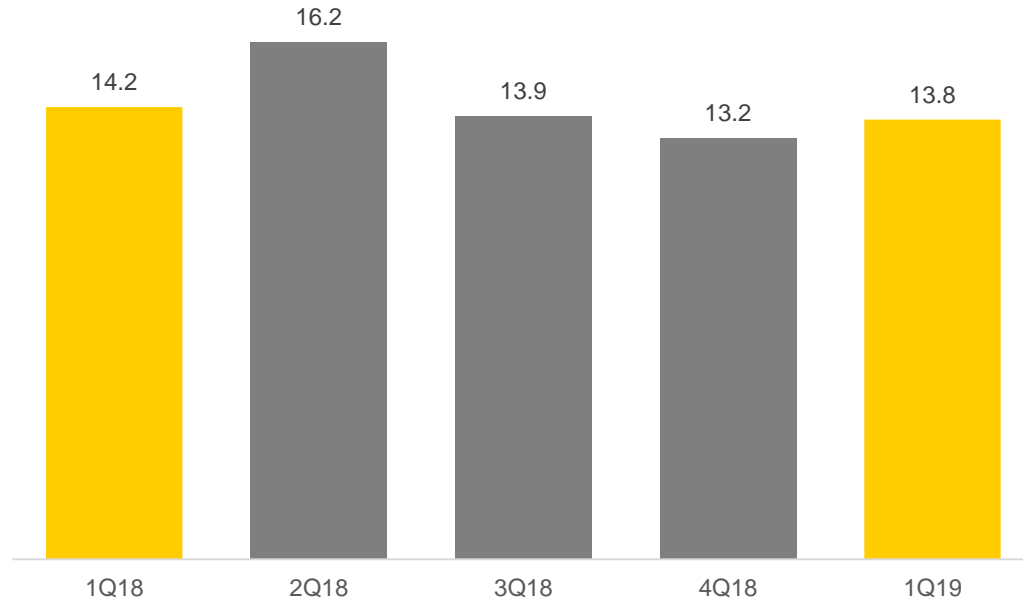
Marrero Operations

Key Developments in 1Q19

- > Logistics and poor weather in shipping channels led to lower production volumes and higher costs, given reduced operating leverage
- > Total sales volumes declined 3% y/y in 1Q19 due to lower than planned production levels
- > Refinery currently operating near peak utilization

Marrero Total Product Sales Volumes

Millions of Gallons Sold



Heartland, Ohio Refinery Update

First Quarter 2019

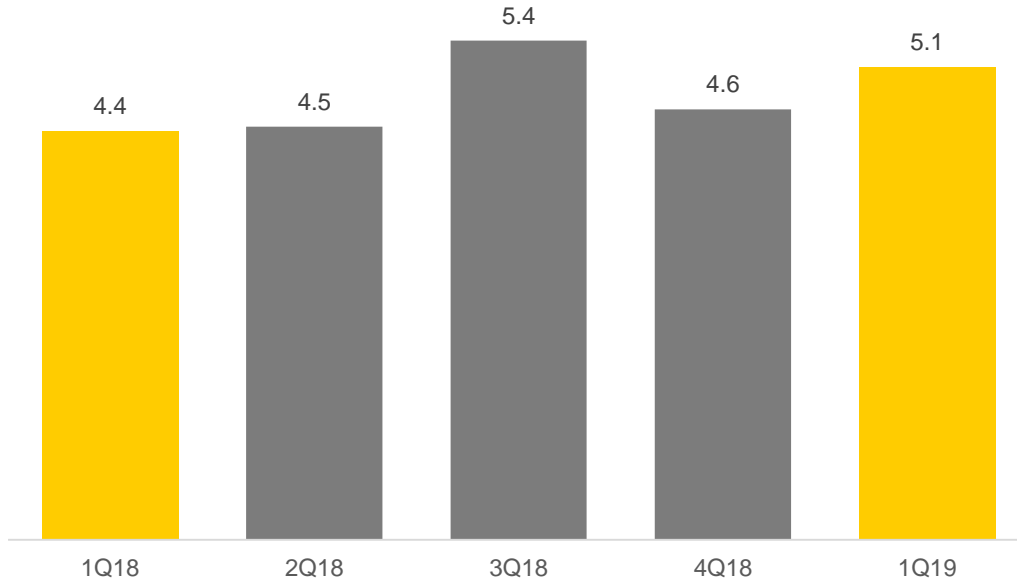
Heartland Operations

Key Developments in 1Q19

- > Operated at 98% capacity in 1Q19 vs. 89% in 1Q18 – safe, reliable operations
- > Realized product margins impacted by soft market on base oil finished product prices
- > Seeing a recovery in base oil prices during April and into May, which stands to benefit product margin capture in 2Q19

Heartland Total Product Sales Volumes

Millions of Gallons Sold



Anticipate Q/Q Recovery In Gross Profit Per Gallon

Project Lower Feedstock Prices and Improved Spreads Entering 2Q19

Total Gross Profit Per Gallon

Anticipate Increased Base Oil Prices + Operational Reliability At Refineries Are Projected To Benefit Spreads In 2Q19





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