



Investor Presentation

May-June 2019

VTNR
NASDAQ
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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.

Corporate Overview

Vertically-Integrated Specialty Refiner of Alternative Feedstocks

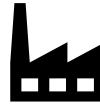
Executive Summary

- > Established producer of petroleum-based specialty products from recycled used motor oils and petrochemical streams
- > Own and operate one of the largest independent used motor oil collections (UMO) operations in the United States⁽¹⁾
- > Produce/market IMO-compliant marine fuels, Group II & III Base Oils and fuel blend stocks for industrial applications
- > Proven track record of safe, reliable operations that optimize utilization at owned production facilities
- > Multi-year improvement in Adj. EBITDA and Free Cash Flow resulting in reduced net leverage
- > Major capital projects offer potential to increase production of high-value specialty products – IMO and high-purity base oils play
- > Experienced management team w/ high insider ownership



Collections Operations

- > TTM Collections = ~32 mm gal
- > ~100 collections trucks
- > Operations in 15 states
- > Internal collections strategy



Refining Operations

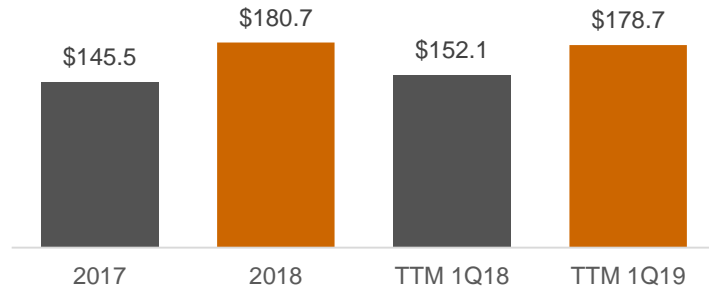
- > TTM production = 84.4 mm gal
- > Marrero (LA) - Marine Fuel production
- > Heartland (OH) - Base oil production
- > Baytown (TX) – Houston ship channel terminal

(1) Vertex Energy owns/operates one of the largest used motor oil (UMO) collection and aggregation networks in the United States

Key Financial Metrics

Trailing-Three Year Performance

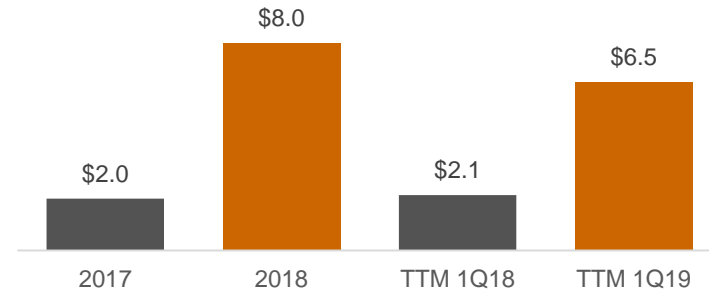
Total Revenues (\$MM)



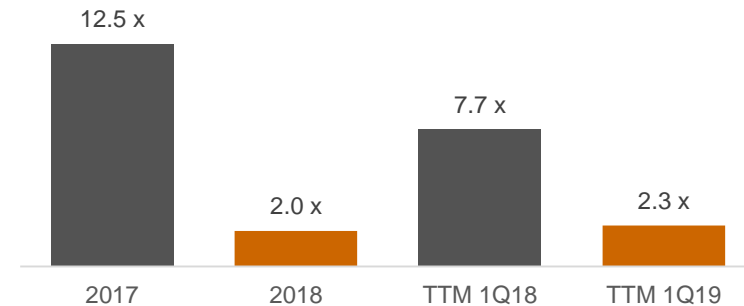
Total Gross Profit (\$MM)



Adjusted EBITDA (\$MM)

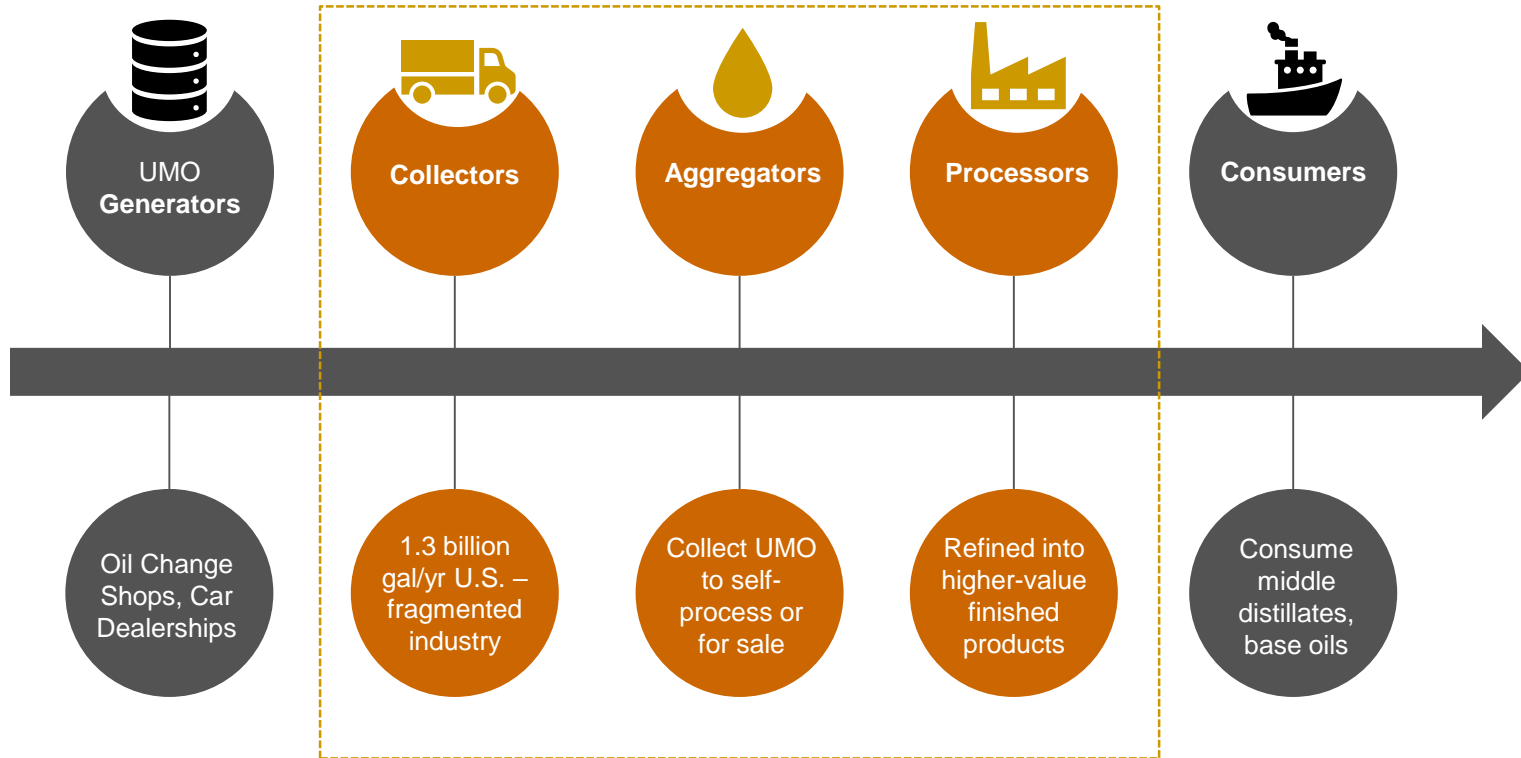


Net Debt / TTM Adjusted EBITDA



Used Motor Oil Recycling Value Chain

Direct and Third-Party UMO Collections Used As Refining Feedstock



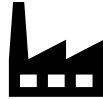
Our Strategic Focus

Path Toward Profitable Growth Through The Cycle



Drive Direct Collections Growth

- > Direct collections are significantly cost-advantaged over third-party purchased collections
- > By increasing direct collections as % of total collections, we significantly reduce feedstock costs



Optimize Refining Asset Base

- > Safe, reliable operations drive profitable growth
- > Marrero and Heartland operating near peak utilization
- > Focused on reducing feedstock overhead and reducing direct OPEX per gal sold



High-Grade Production Slate

- > Shift from production of commodity intermediates toward higher value finished products
- > Be recognized as leading producer of IMO compliant marine fuel and high-purity Group II and III base oils



Growth CAPEX / Private Funding

- > Identify high-return organic growth projects within existing asset base
- > Partner with one or more venture investors on a project by project basis to support project CAPEX



Profitable Growth Through Cycle

- > Generate Adj. EBITDA growth – use free cash flow to maintain conservative net leverage profile
- > Continue to diversify EBITDA across end-markets, geographies and customers

Leader In The Used Motor Oil Collections Industry

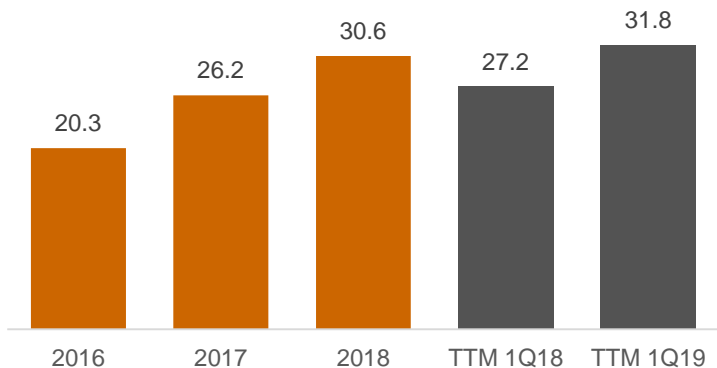
Focused On Growing Cost-Advantaged Direct Collections

Collections Operations Overview

- > 1.3 billion gallons of UMO generated annually in the U.S., of which 1.1 billion are collected for repurposing
- > Collected UMO is used as feed in burners, re-refineries and as a blend stock for higher value fuels
- > TTM 1Q19, we collected 31.8 million gallons of UMO, an increase of 17% y/y
- > Our focus remains on growing cost advantaged direct collections – 600 basis point mix improvement since 2016

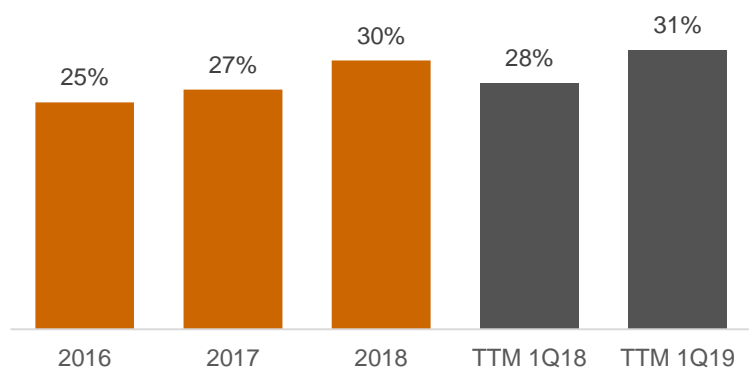
Grew Total UMO Collections 17% TTM 1Q19

Gallons In Millions



Growing Cost-Advantaged Direct Collections

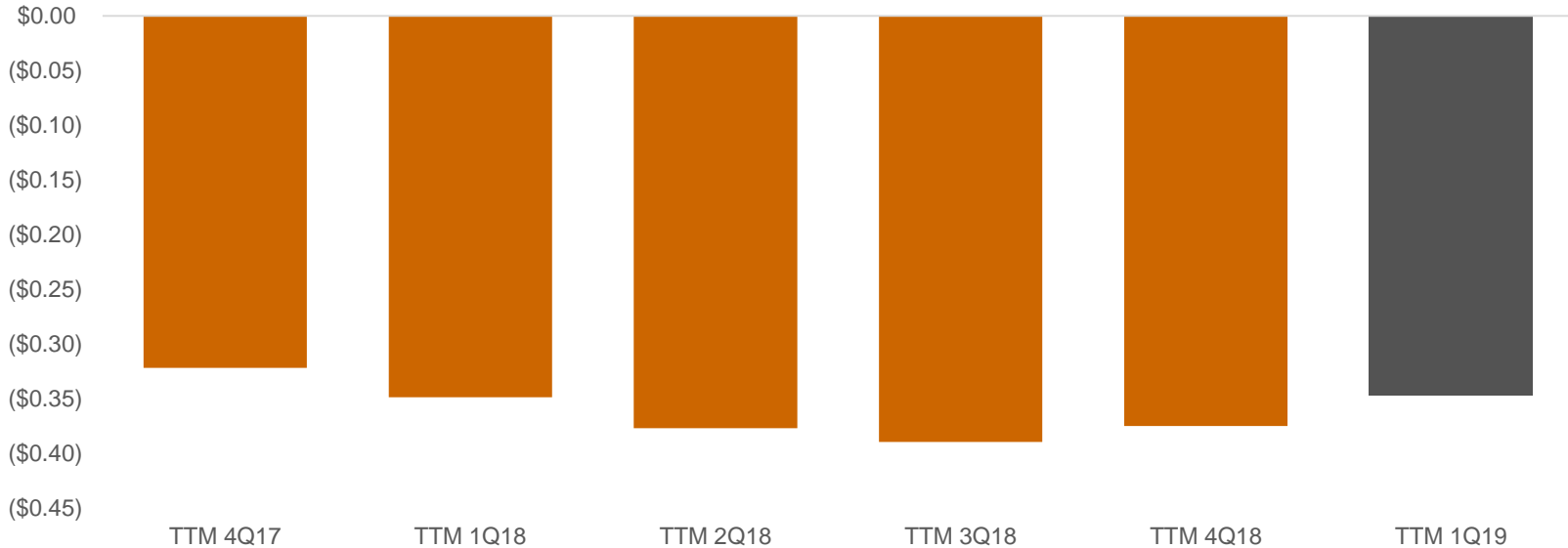
Direct Collections as % of Total Volumes Processed



By Increasing Direct Collections, We Lower Feedstock Costs

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



We Own Advantaged Refining Assets In Strategic Markets

Vertically Integrated Model Processes Collected UMO as Feedstock

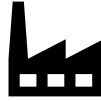
Refining Operations Overview

- > TTM 1Q19, our refining system produced more than 84 million gallons of finished products annually (+6% y/y)
- > Direct and third-party collections of UMO provide the feedstock for both Marrero and Heartland
- > Marrero and Heartland operating near peak utilization given strong demand for middle distillates and Group II base oils
- > Production slate includes middle distillates, base oils, asphalt, condensate and fuel oil



Marrero Refinery Marrero, Louisiana

- > 4,800 bpd nameplate capacity
- > Feedstock: UMO
- > Production: Middle distillates
- > Opportunity: Demand for IMO-compliant marine fuel



Heartland Refinery Columbus, Ohio

- > 1,500 bpd nameplate capacity
- > Feedstock: UMO
- > Production: Group II+ base oil
- > Opportunity: Global transition to higher-purity base oils



Baytown Terminal Baytown, Texas

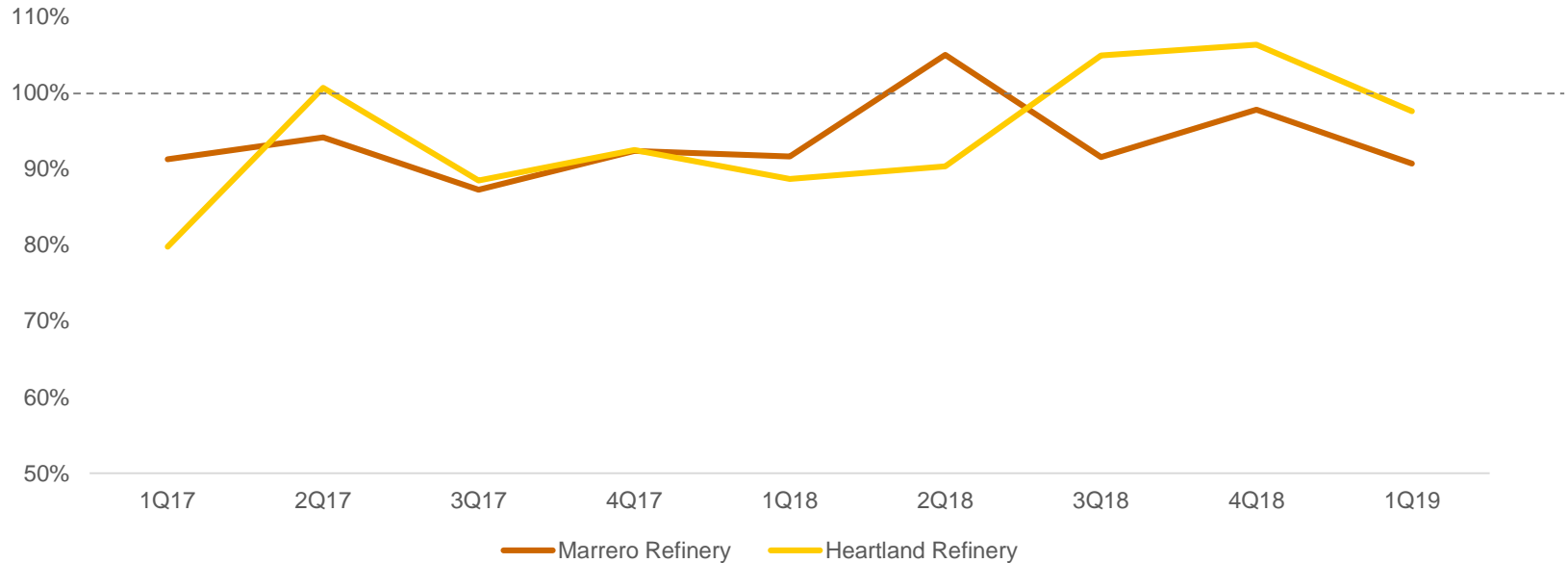
- > Waterfront facility w/ 100,000 barrels of storage on-site
- > Refining supply / distribution
- > Strategically located on the Houston ship channel

We Operate a Safe, Reliable Refining System

Marrero and Heartland Refineries Approaching Full Utilization

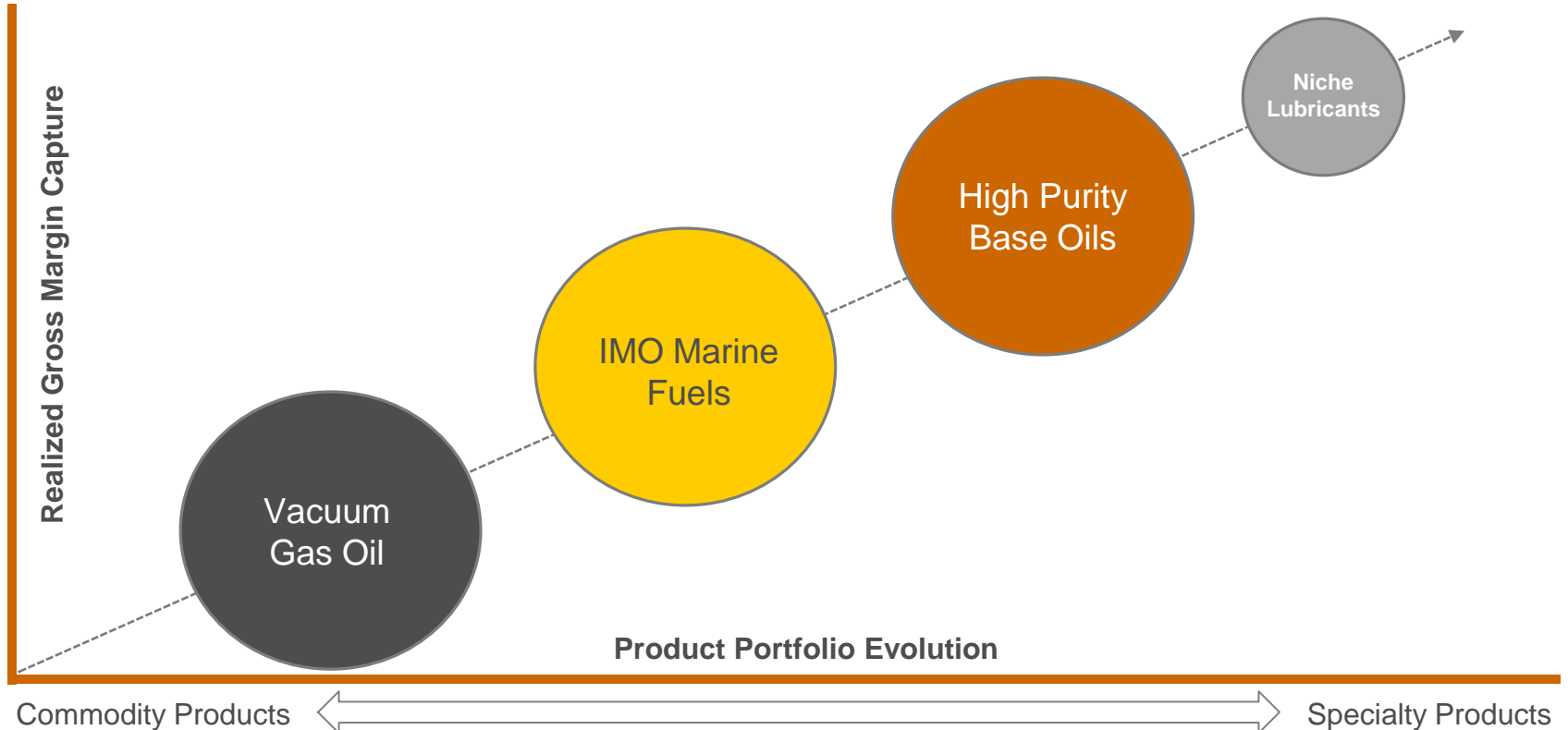
TTM Average Utilization at Marrero is 96% of Nameplate Capacity

Heartland Has Average Utilization of 100% on a TTM Basis



We Are Focused On High-Grading Our Production Slate

Multi-Year Transition From Commodity To Branded Products



Framing The Opportunity: Low Sulfur Marine Fuel (IMO 2020)

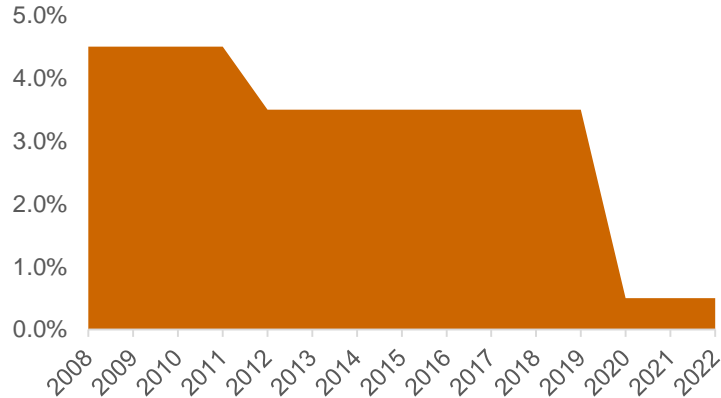
IMO 2020 Represents a Potential Catalyst for Vertex

IMO 2020 Executive Summary

- > IMO 2020 mandates a significant reduction in sulfur levels found in marine fuels by January 1, 2020
- > New, low-sulfur specification marine fuel is anticipated to be in short supply once the regulation goes into effect
- > Decline in HSFO demand expected to result in lower UMO prices, contributing to lower feedstock costs for Vertex
- > Anticipate distillate crack spread will rise in response to shortages of IMO-compliant marine fuel to the benefit of Vertex
- > We produce more than 48 million gallons of IMO compliant marine fuels each year

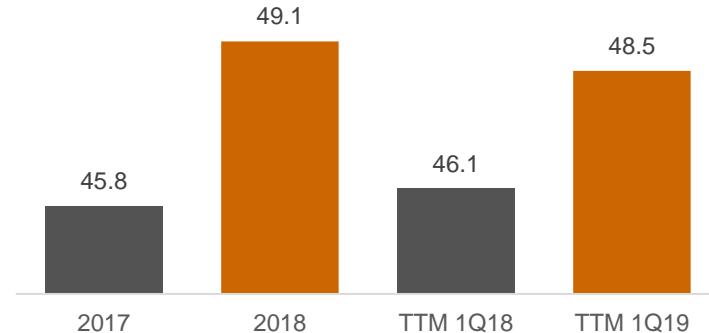
IMO Mandated Sulfur Levels in Marine Fuel

Sulfur Cap Transitioning From 3.5% to 0.5% by 1/1/2020



Vertex Produces IMO Compliant Marine Fuels

Total Annual Middle Distillate Production at Marrero Refinery



We Expect IMO 2020 Will Result In Lower Feedstock Costs

As HSFO Prices Decline Ahead of IMO 2020, UMO Prices Will Follow Suit

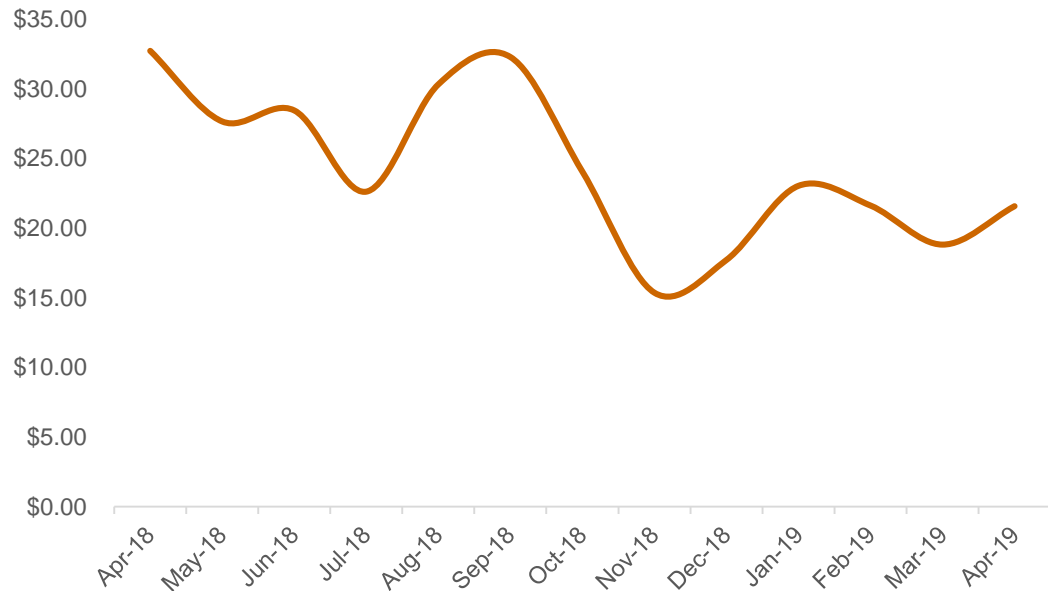
VTNR “Clean-Dirty” Spread

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



Framing The Opportunity: Transition To Group III Base Oil

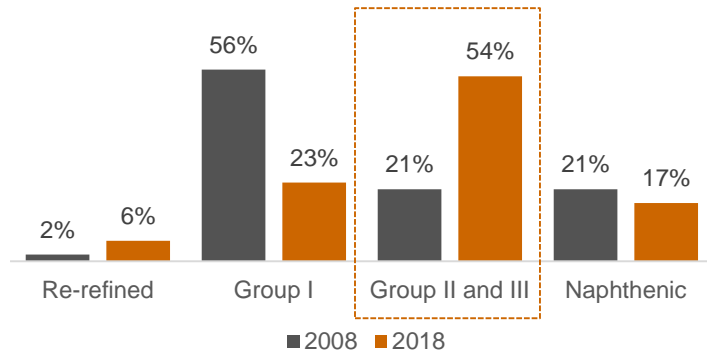
Transition To Higher Purity Base Oils a Potential Catalyst for Vertex

Group III Base Oil Executive Summary

- > Multi-year global transition away from Group I base oils toward higher viscosity Group II and III Base Oils
- > Higher purity Group II and III base oils provide better fuel efficiency and are more environmentally friendly
- > Group II/III base oils comprise 54% of the North American Base Oil Market
- > We anticipate demand for Group III base oils has begun to accelerate, taking share from Group I and II
- > Currently, we produce Group II at our Heartland refinery and serve as a third-party marketer of Group III from a global producer
- > We are evaluating a project that would allow us to begin producing Group III Base Oil at Heartland (OH) and Belle Chasse (LA)

North American Base Oil Capacity Shift⁽¹⁾

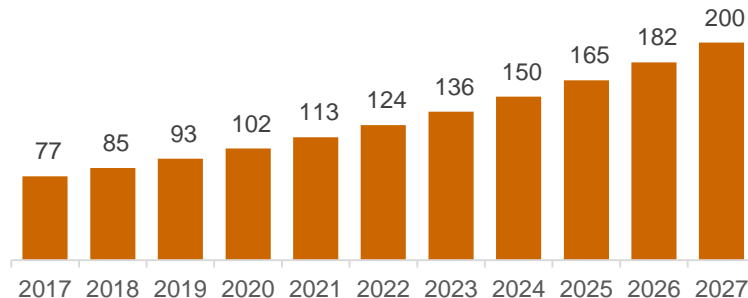
Trend Toward Higher Viscosity Base Oil Capacity



(1) Source: LNG Lubricants Industry Factbook (2018-2019)

Projected U.S. Group III Base Oil Demand⁽²⁾

Millions of Gallons Per Year



(2) Source: Company Market Forecast

High-Return Capital Projects Under Review

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

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

Compelling Investment Thesis

Favorable Market Fundamentals, Improved TTM Performance

#1

Strong Underlying Market Trends

- > IMO 2020 transition will reduce feedstock costs while creating increased demand for IMO-compliant marine fuels
- > Multi-year transition toward higher-viscosity, higher-margin Group II and III base oils

#2

Improved TTM Financial Performance

- > Material y/y improvement in Adjusted EBITDA and Free Cash Flow
- > Reduced net leverage from 7.7x to 2.3x on a TTM basis
- > Expect to refinance existing term loan by end of 3Q19

#3

Sustained Growth In UMO Collections

- > Leading UMO collector consolidating fragmented industry
- > 17% y/y growth in total collections TTM 1Q19
- > Focused on growing cost-advantaged direct collections vs. third-party supply

#4

High-Return Capital Projects

- > Focused on increasing production of IMO-compliant marine fuels, increasing Group II production and commencing production of Group III
- > Projects reliant on third-party financing – diligence ongoing

#5

Aligning Investor Interests

- > Led by founder/CEO Ben Cowart
- > Senior leadership with decades of UMO and industry-relevant experience
- > High insider ownership aligns management and investor interests



1Q19 Results Update

Adjusted EBITDA Bridge

1Q18 vs. 1Q19 (\$MM)

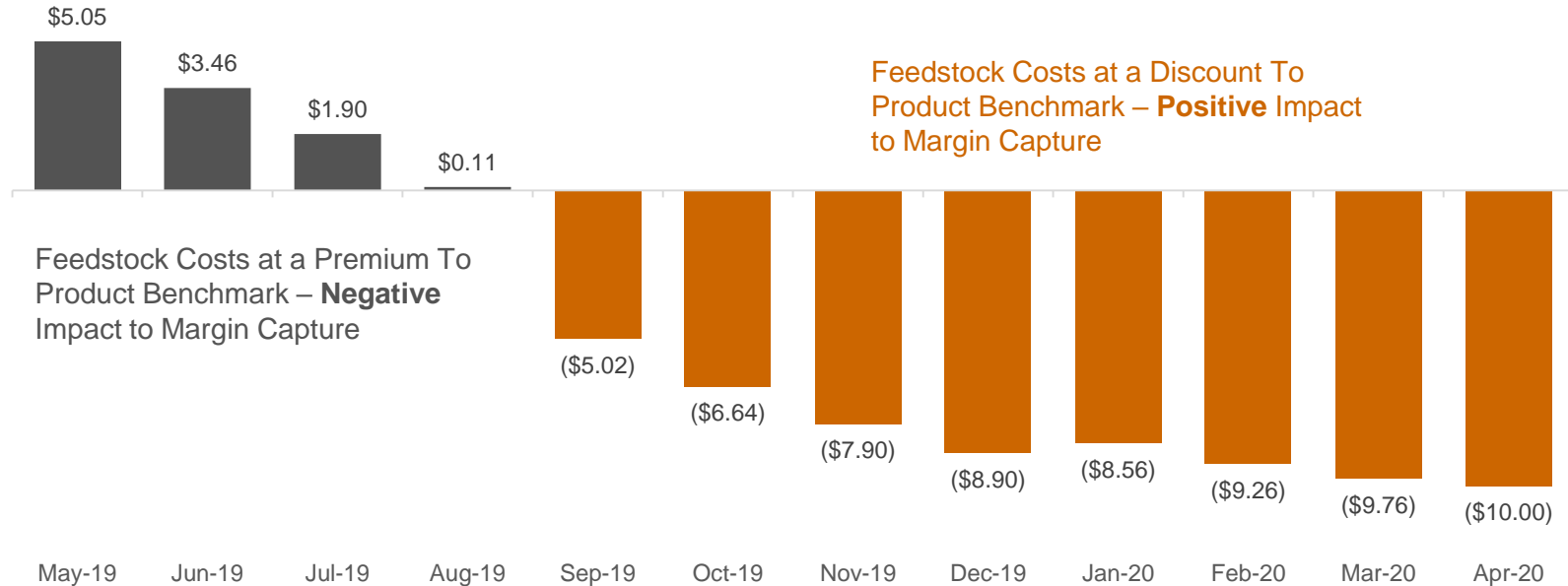


Future Strip Implies Material Improvement In VTNR Margins

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 \$15 per barrel (or \$0.36 Per Gallon) Improvement in Spread Over The Next 12 Months (as of 5.16.19)

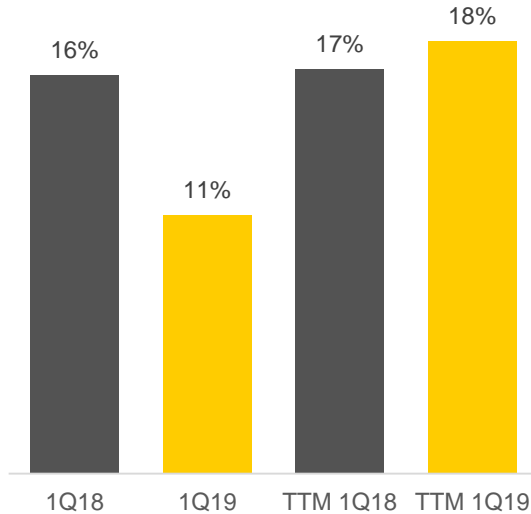


Positive TTM Margin Trend In Black Oil Segment

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

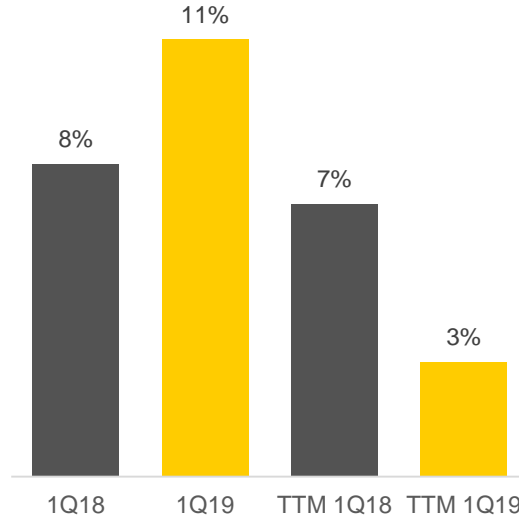
Black Oil Segment

Positive TTM Gross Margin Trend (%)



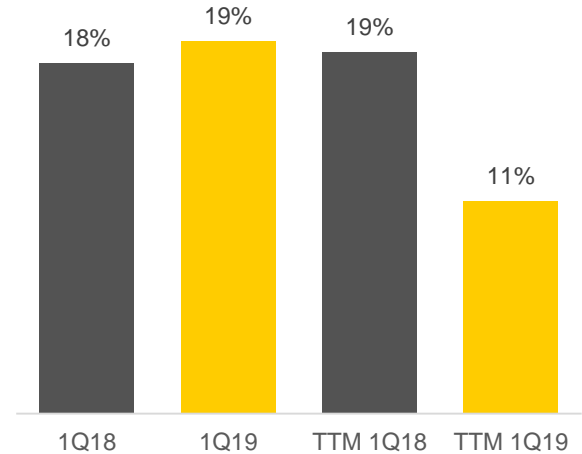
Refining/Marketing Segment

Positive Y/Y Gross Margin Trend



Recovery Segment

Positive Y/Y Gross Margin Trend



Marrero, Louisiana Refinery Update

First Quarter 2019

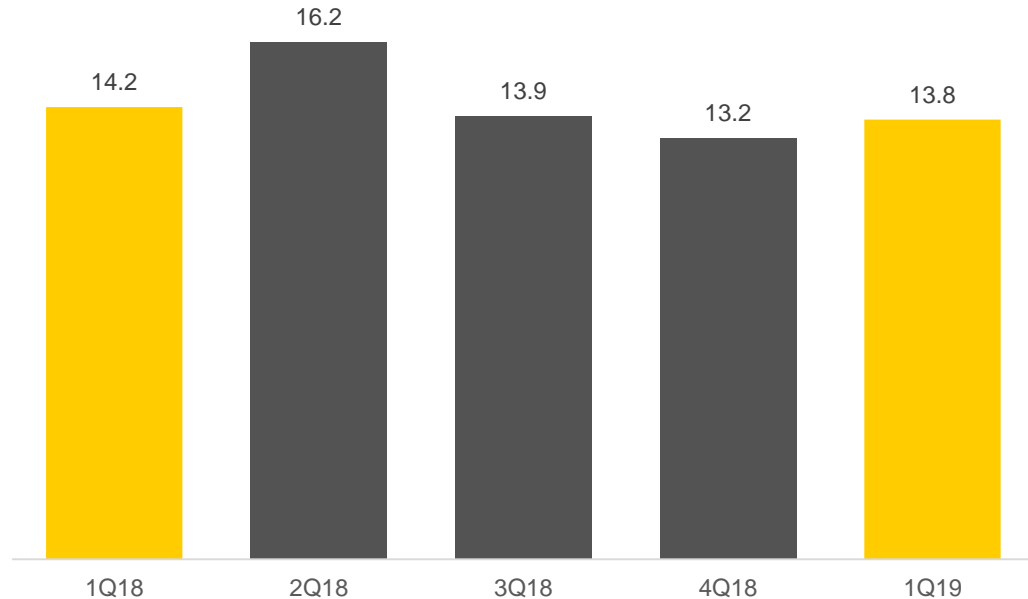
Marrero Operations

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

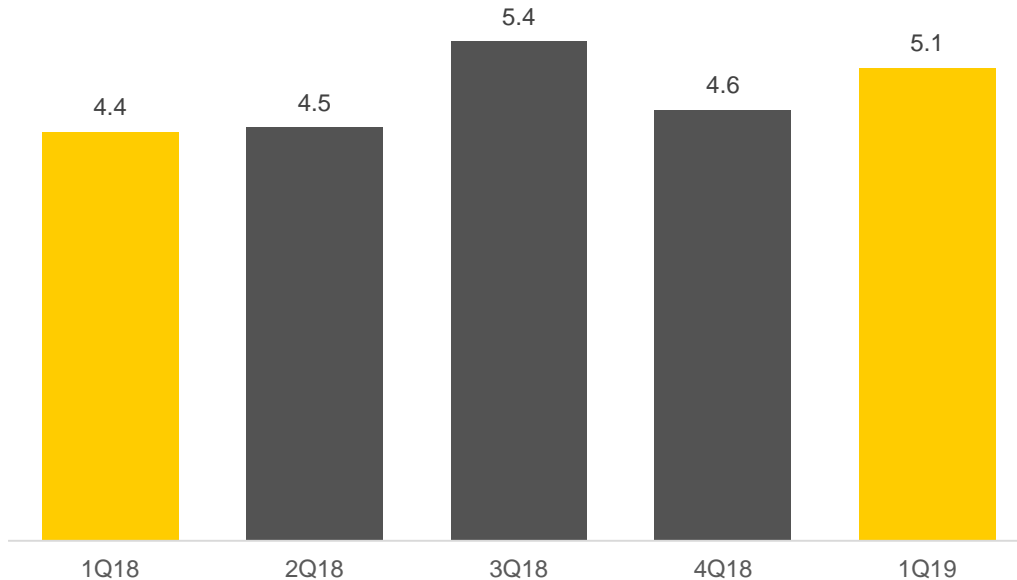
Heartland Operations

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

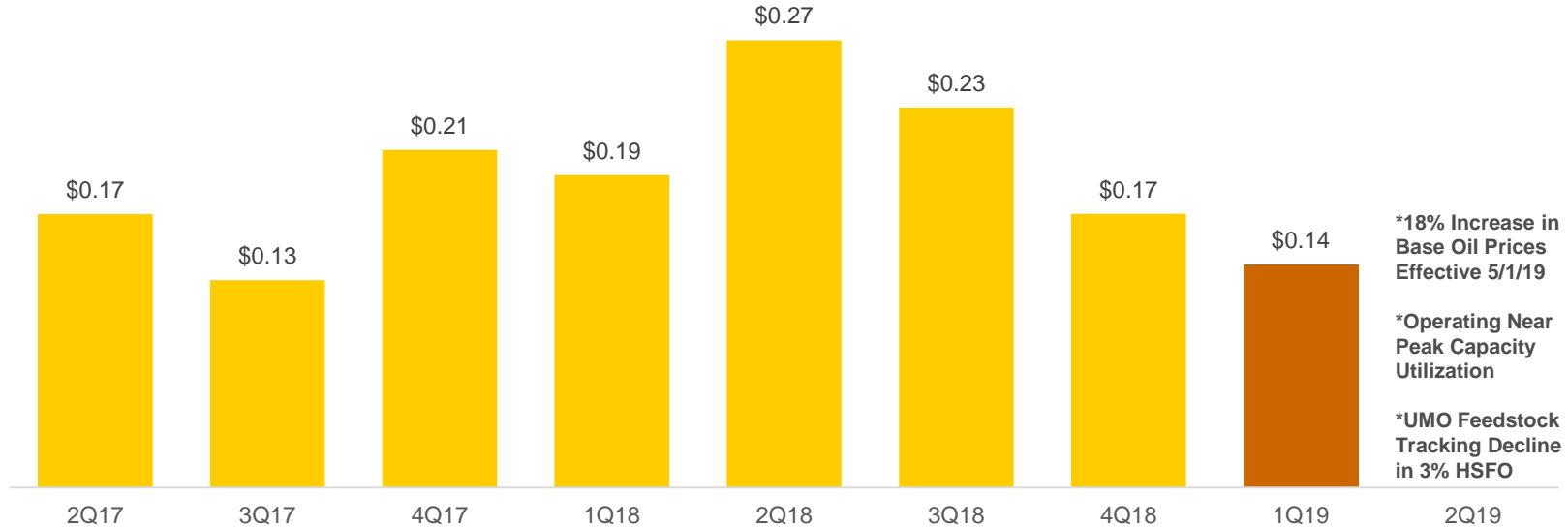


Anticipate Q/Q Recovery In Gross Profit Per Gallon

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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