



Investor Presentation

November 2019 – January 2020

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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 = ~35 mm gal
- > ~100 collections trucks
- > Operations in 15 states
- > Internal collections strategy



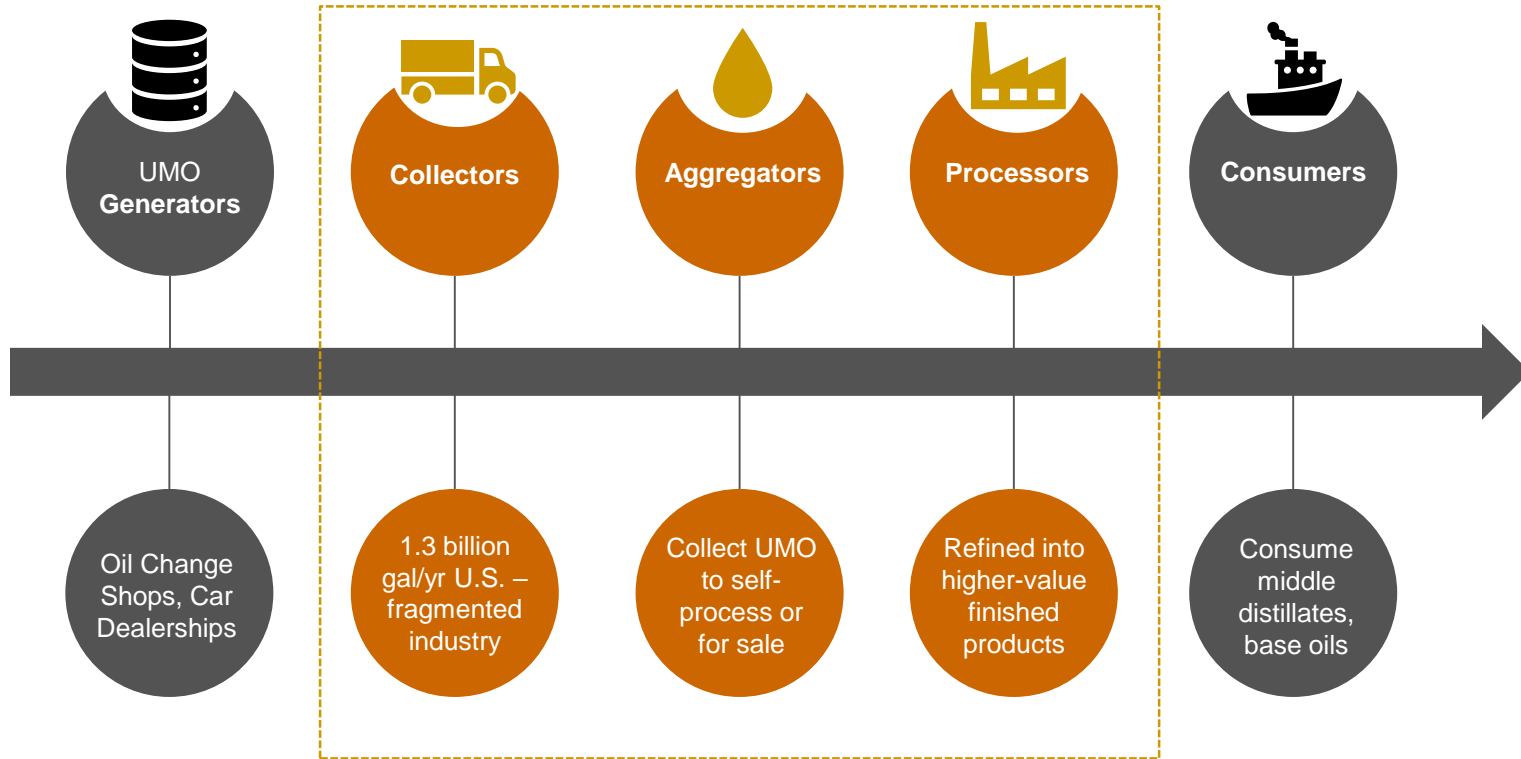
Refining Operations

- > TTM production = 83 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

Used Motor Oil Recycling Value Chain

Direct and Third-Party UMO Collections Used As Refining Feedstock



We Own Advantaged Refining Assets In Strategic Markets

Vertically Integrated Model Processes Collected UMO as Feedstock

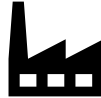
Refining Operations Overview

- > 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

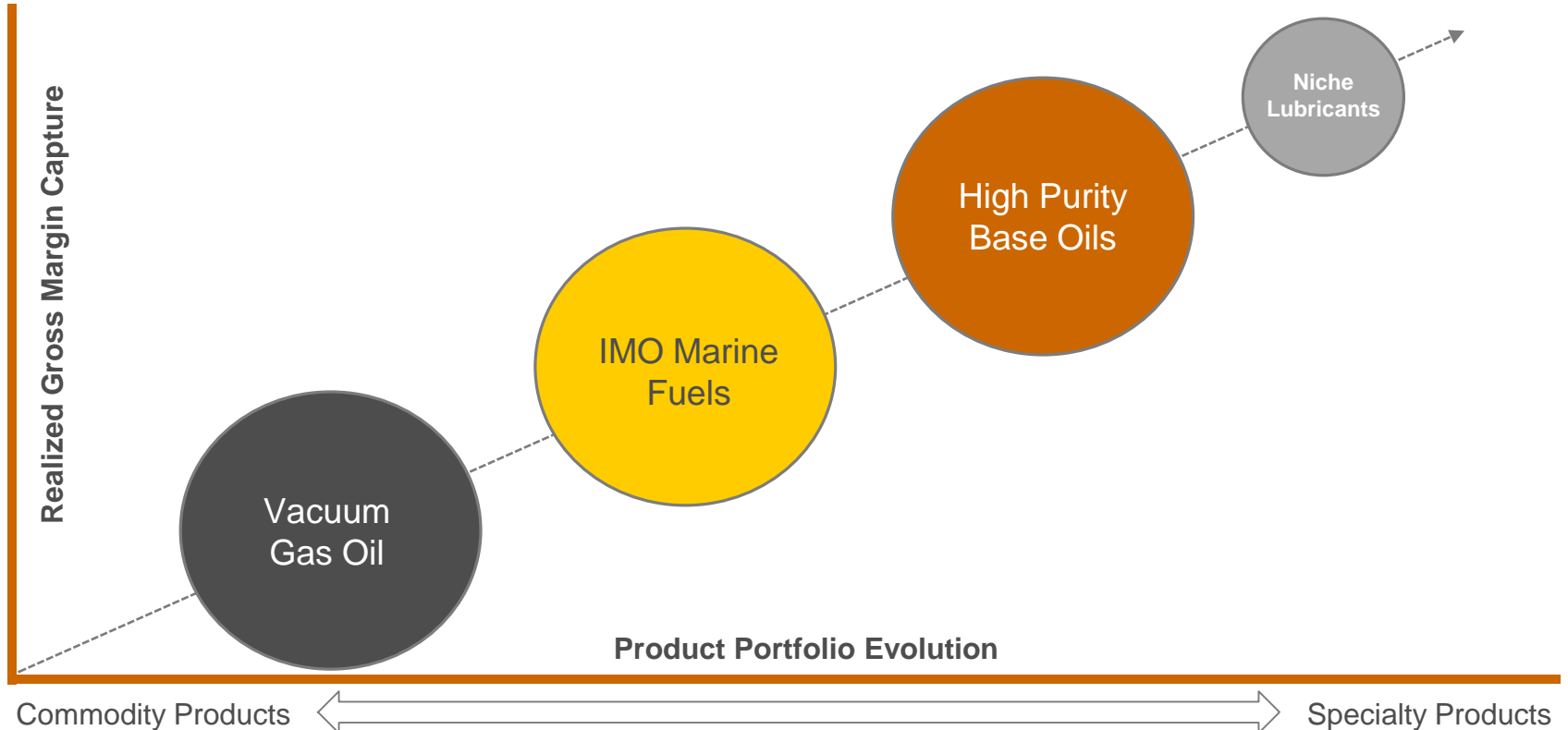


Baytown Terminal Baytown, Texas

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

We Are Focused On High-Grading Our Production Slate

Multi-Year Transition From Commodity To Branded Products



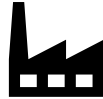
Our Strategic Focus

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



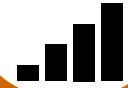
High-Grade Production Slate

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

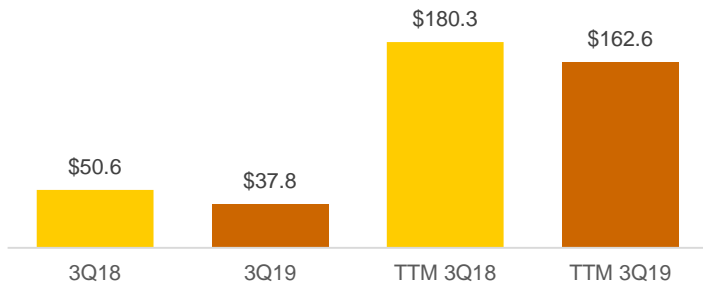


3Q19 RESULTS SUMMARY

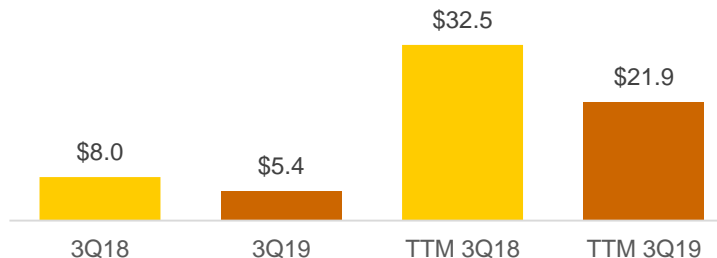
Key Financial Metrics

Third Quarter 2019

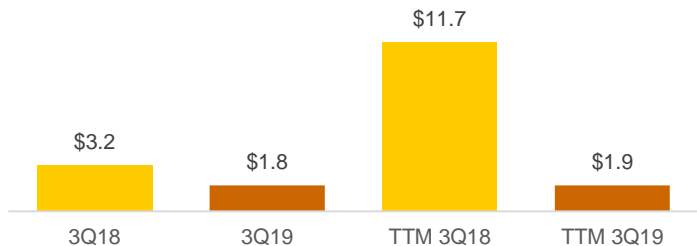
Total Revenues (\$MM)



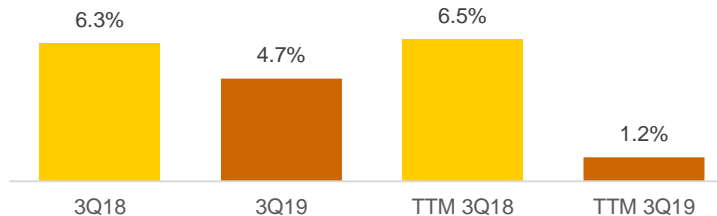
Total Gross Profit (\$MM)



Adjusted EBITDA (\$MM)



Adjusted EBITDA as % of Total Revenues

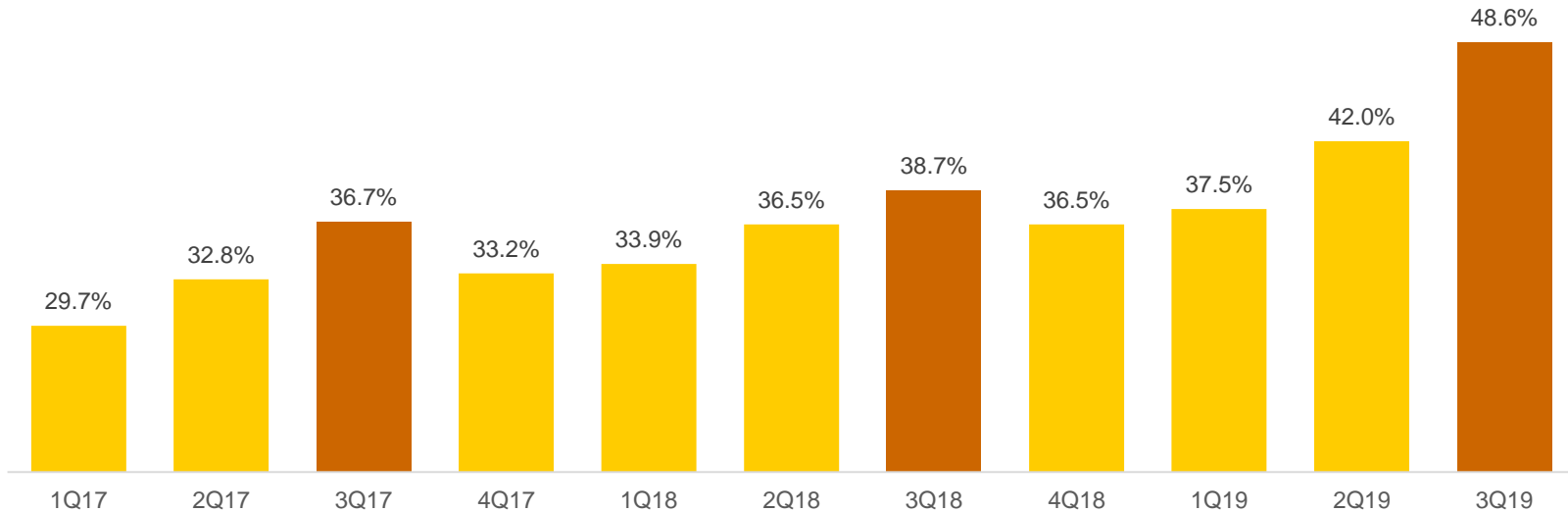


Sustained Growth In Direct Used Motor Oil Collections

Increased Weighting Toward Cost-Advantaged Direct Collections

Direct Collections as % of Total Volumes Processed

Direct Collections Cost \$0.20 less than Third-Party Supply During The Past 12 Months

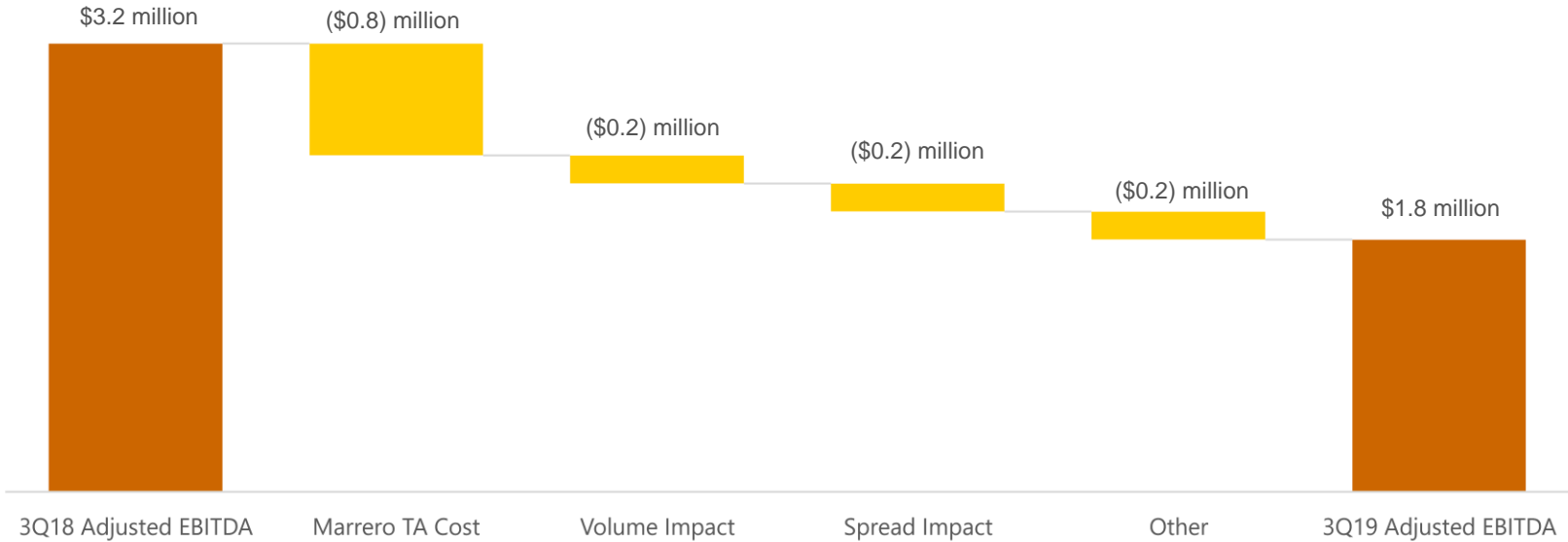


Adjusted EBITDA Bridge

3Q18 vs. 3Q19 (\$MM)

Marrero Refinery Planned Maintenance Impacted By Hurricane Barry During July

Hurricane extended planned maintenance by an extra 8 days, reducing planned production and increasing turnaround costs

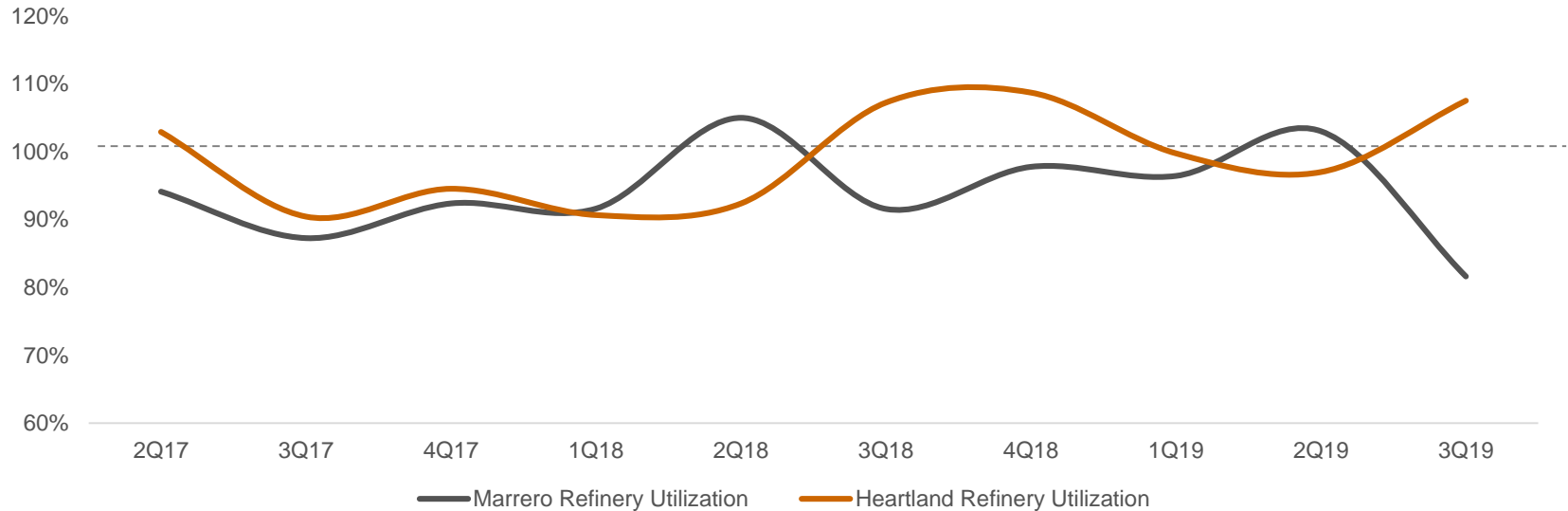


Exceptional Performance At Heartland

Both Marrero and Heartland Currently Operating On-Plan in 4Q19

Historical Utilization Rates at Heartland and Marrero Refineries⁽¹⁾

Heartland Operated at 108% and Marrero Operated at 82% in 3Q19



⁽¹⁾ Utilization defined as total refinery throughputs divided by nameplate capacity of the refinery

TCEP Production A Significant Catalyst Into 2020

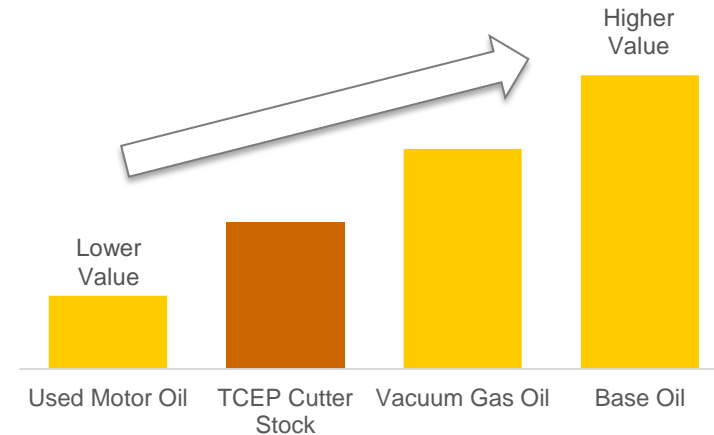
Plan to Produce Fuel Oil Blend Stock for Marine Fuel Market

TCEP Operations Overview

- > Beginning in November 2019, we plan to process used motor oil into higher value feedstocks through our patented Thermal Chemical Extraction Process (TCEP) technology
- > TCEP differs from conventional re-refining technologies by relying more heavily on chemical processes to remove impurities rather than temperature and pressure, such as that found in vacuum distillation or hydrotreating
- > Given increased demand for low sulfur marine fuels ahead of the IMO 2020 mandate, we plan to begin production of a fuel oil blend stock using TCEP in the production of low sulfur marine fuel at our Baytown, TX facility
- > Using our TCEP technology, we expect to produce 30,000-45,000 barrels of cutter stock in 4Q19, subject to market conditions

Valuing TCEP Production

Low sulfur fuel oil blend stock (diesel replacement)



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

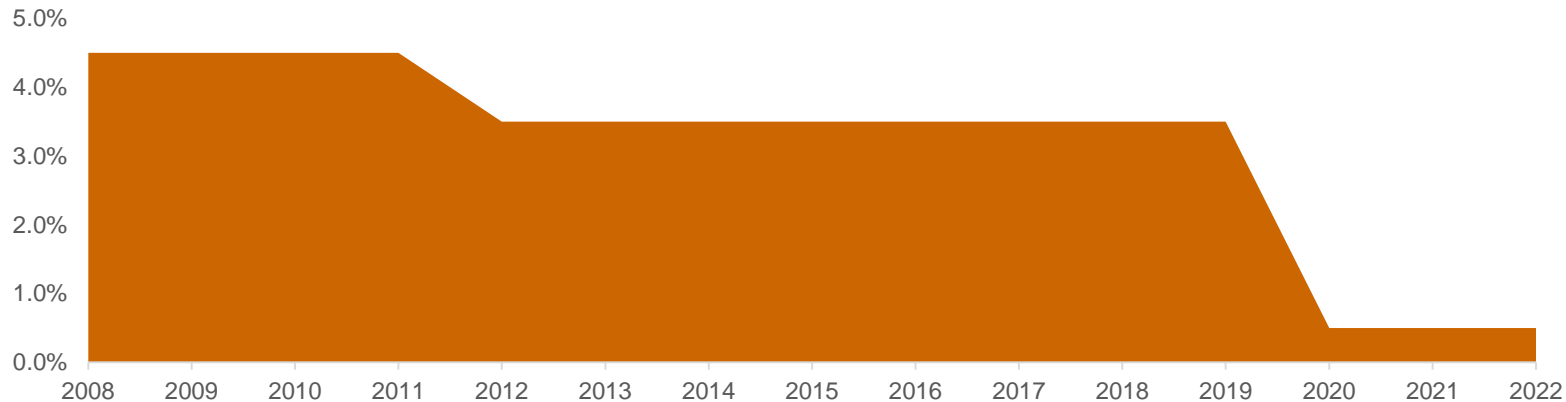
IMO 2020 Represents a Potential Catalyst for Vertex

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 high sulfur fuel oil 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

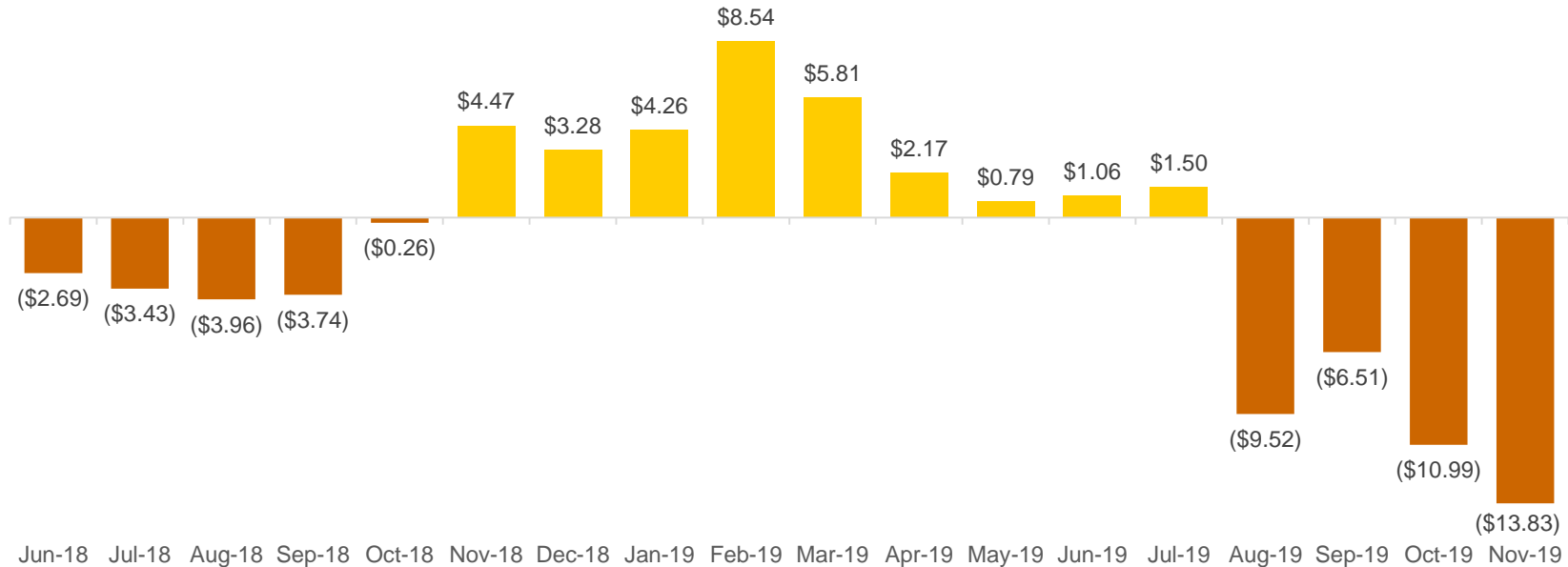


Improved Product Spreads Ahead of IMO 2020

High Sulfur Fuel Oil Trading Significantly Below WTI NYMEX

USGC 3% High Sulfur Fuel Oil Has Traded Below WTI Since August 2019 (\$/Barrel)

High Sulfur Fuel Oil is a Proxy for Used Motor Oil Pricing



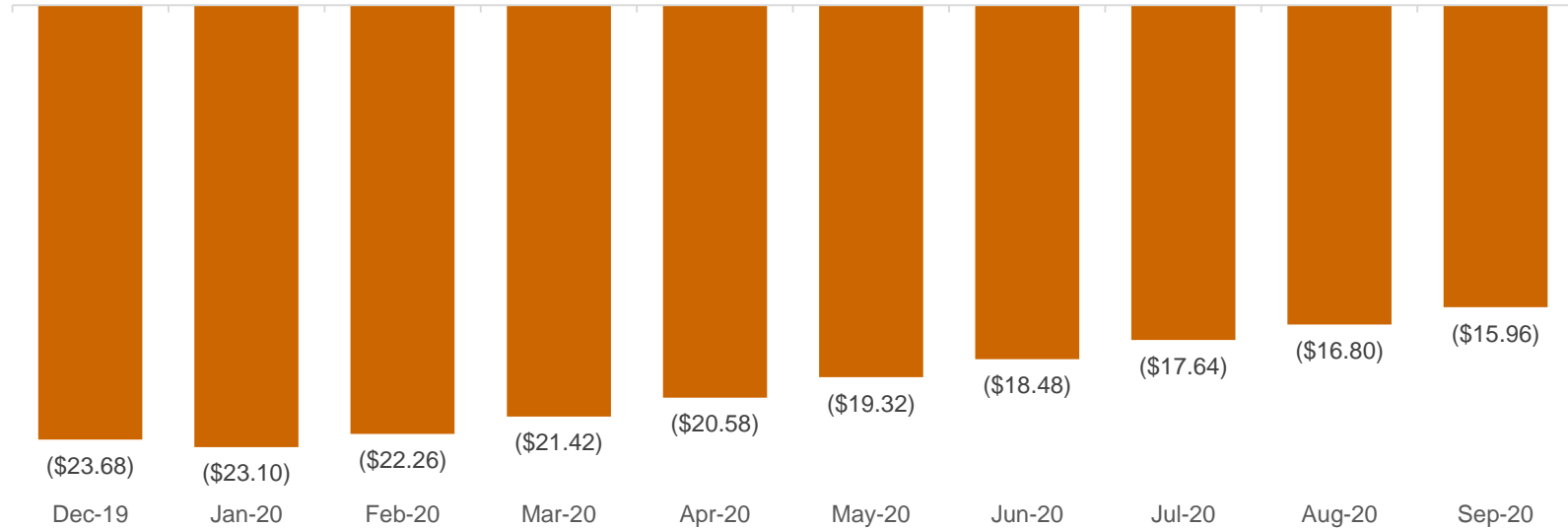
Source: Platts, company research

Futures Strip Implies Spreads Will Improve Into 2020

UMO Costs Expected To Track Decline In High Sulfur Fuel Oil

Projected Futures Spread Between WTI and USGC 3% High Sulfur Fuel Oil (\$/Barrel)

Spreads Anticipated To Improve From Current Levels In 2020



Source: CME Group, company research

Fourth Quarter 2019 / Full-Year 2020

Management Outlook

1 Investment Catalysts

- > (1) Widening product spreads (2) anticipated announcement of Pilot Test results by year-end 2019 (3) contributions from TCEP production; (4) growth in cost-advantaged direct collections

2 4Q19 Financial Guidance

- > Management anticipates 4Q19 Adjusted EBITDA in the range of \$2.5 million to \$3.0 million

3 Full-Year 2020 Financial Guidance

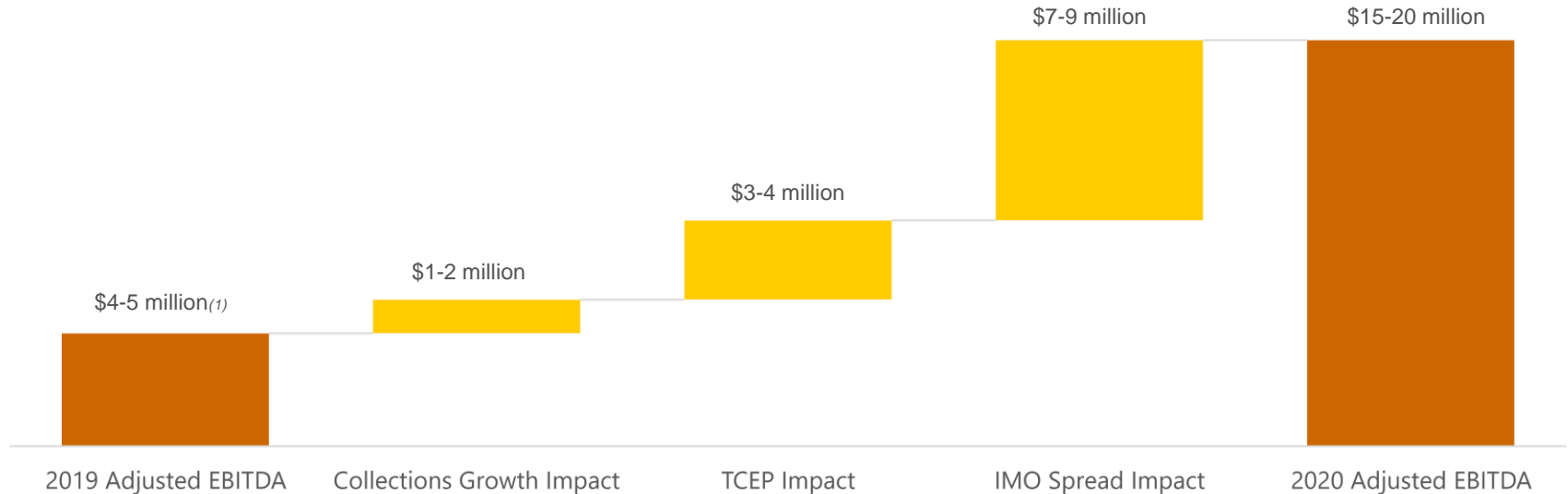
- > Management anticipates Adjusted EBITDA in the range of \$15 million to \$20 million for the full-year 2020

2020 Adjusted EBITDA Guidance Bridge

2019 vs. 2020 (\$MM)

2020 Outlook Supported By Ramp of Direct Collections, TCEP Production and IMO Spread Improvement

Guidance current as of November 8, 2019



(1) Assumes midpoint of 4Q19 Adjusted EBITDA guidance range of \$2.5 to \$3.0 million

Compelling Investment Thesis

Favorable Underlying Fundamentals, High-Return Organic Growth Projects

#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

Tensile Liquidity Event

- > Assuming close of Phase II, provides \$13.5 million of non recourse cash and \$2.2 million of cash proceeds from equity issuance
- > Provide balance sheet optionality to support debt reduction, collections growth and M&A

#3

High-Return Capital Projects

- > Focused on increasing production of IMO-compliant marine fuels and high purity base oils
- > Tensile has committed up to \$34 million of capital to support growth of SPVs, subject to Phase 2 closing

#4

UMO Collections Growth

- > Leading UMO collector consolidating fragmented industry
- > 24.5% y/y growth in direct collections growth during 3Q19
- > Focused on growing cost-advantaged direct collections vs. third-party supply

#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



APPENDIX

CAFE Standards Drive Demand For Higher Purity Base Oils

Corporate Average Fleet Economy (CAFE) Standard Requires Lower Emissions

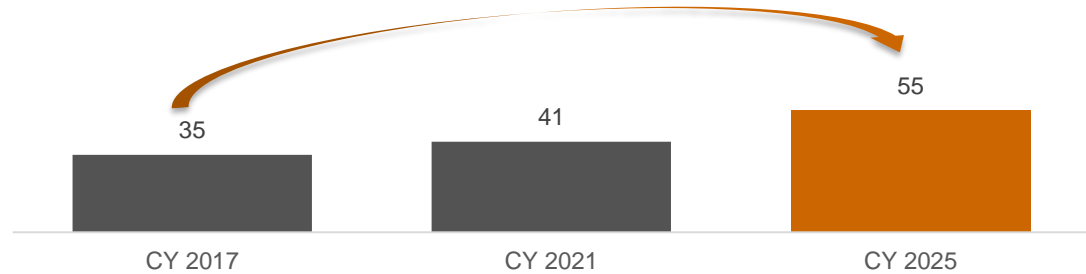
Executive Summary

Drivers of Group II+/III Demand

- > CAFE standard require increased fuel economy and lower emissions
- > Lower viscosity lubricants yield better fuel economy and lower emissions
- > High purity base oils are the primary base stock for premium synthetic lubricants used in CAFE-complaint higher performance engines
- > Base oil production from UMO is more efficient than from crude oil
- > Electrification of vehicle fleet a long-term factor, but not material to the forecast until after 2030

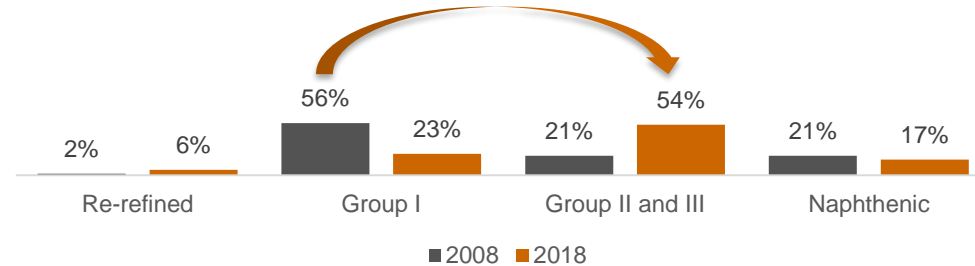
CAFE Standard Fuel Economy By Year

6% CAGR In Required MPG Fuel Economy



North American Base Oil Capacity Shift⁽¹⁾

Trend Toward Higher Viscosity Base Oil Capacity



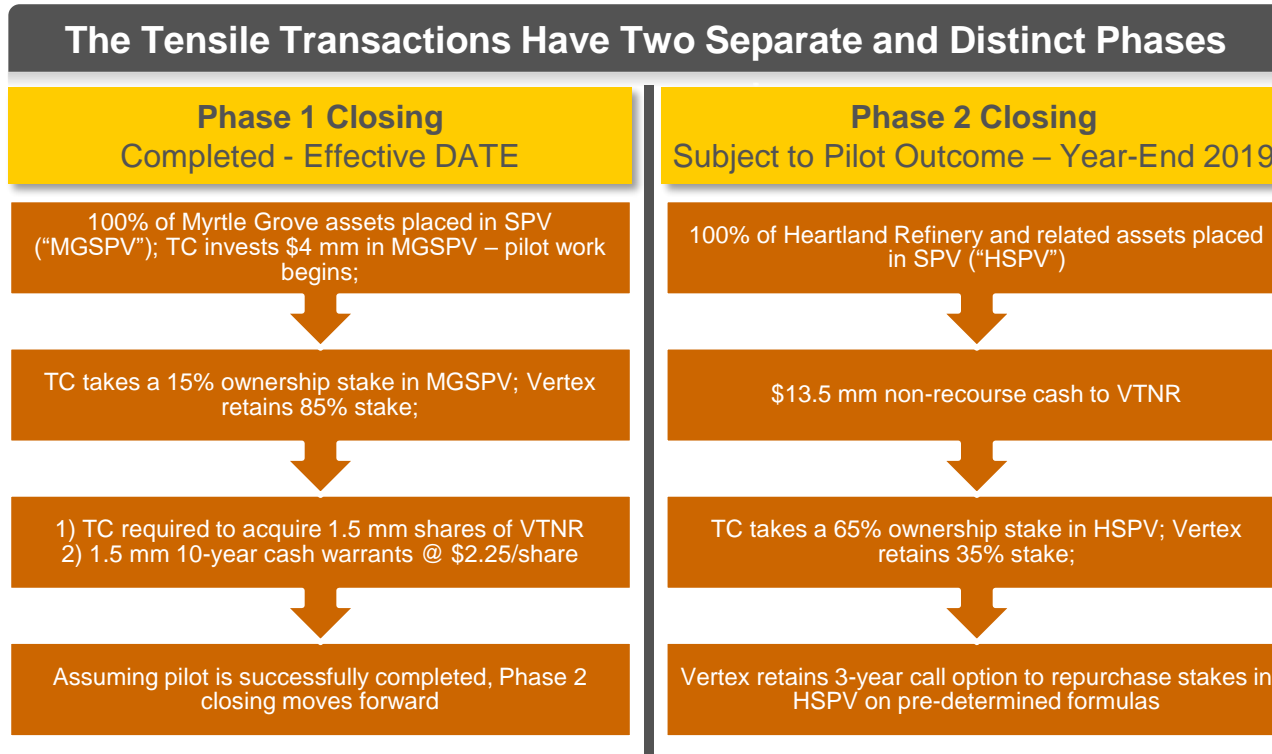
(1) Source: LNG Lubricants Industry Factbook (2018-2019)



TENSILE TRANSACTION OVERVIEW

Transaction Structure

Phase 1 Has Closed, Phase 2 Closing Conditional Upon Successful Pilot Test



Transaction Overview

Transformational JV Provides Significant Growth Capital, Bolsters Liquidity

1 Vertex intends to complete high-purity base oil growth projects w/ third-party private capital

- > On 7/31/19 Vertex announced a transaction with PE-Firm Tensile Capital (“TC”) to support the development of higher-purity base oils assets at the Myrtle Grove and Heartland refineries, subject to completion of a pilot program that will be completed by year-end 2019

2 Transaction to bring \$13.5 million of non-recourse cash to Vertex’s balance sheet

- > TC invested \$4 million in Myrtle Grove for a 15% interest; subject to the successful completion of a pilot program, TC will commit up to \$35 million for a 65% interest in Heartland, \$13.5 million of which goes to Vertex balance sheet at closing

3 Upon closing of Phase 2, \$22 million of cash from the JV will be available to fund development projects

- > Upon successful pilot program and Phase 2 closing, at which time TC will own 65% of Heartland, there will be up to \$22 million in SPV capital to execute the full development of the Heartland business, which we expect to complete by the end of 2022

4 To further align all investor interests, Tensile has purchased 1.5 million shares of Vertex

- > Vertex has issued 1.5 million shares of common stock to Tensile at the 10-day trailing volume-weighted average price of \$1.48 per share; in addition, Tensile received 1.5 million 10-year cash warrants with an exercise price of \$2.25 per share

Transaction Overview

Transformational JV Provides Significant Growth Capital, Bolsters Liquidity

5 Transaction represents transformational liquidity event for Vertex

- > Pro-forma for the completion of both the first and second closings, total liquidity increases from \$2.9 million at June 30, 2019 to \$18-19 million at 12/31/19, given \$13.5 million from Heartland and \$2.2 million from 1.5 million share issuance

6 Estimated return on Heartland development project implies 12-18 months payback once operational

- > Estimated cost of the Heartland project anticipated to be \$20-\$30 million, composed mainly of the development of four new acres of property and further optimization of the overall business; includes expansion of the regional UMO collections operations that serve the Heartland refinery

7 Pro-Forma Annualized Adj. EBITDA Contribution From Heartland of \$15-20 million in Year One

- > Vertex forecasts total incremental Adj. EBITDA resulting from the development of the Heartland business to be \$15-20 million per year beginning in 2023; Vertex has option to repurchase the Heartland SPV interest from TC following a three-year anniversary post closing with TC

8 Tensile holds right-of-first-refusal for the first \$50 million of project capital at Myrtle Grove facility

- > Upon the Phase I closing, TC has right of first refusal to deploy the first \$50 million of project capital for the full development of the high-purity base oils at the Myrtle Grove facility

Superior Project Economics Underpin Heartland Investment

Anticipate 12-18 Month Payback Assuming Project Is On-Stream in 2023

Heartland Development Project projected to generate incremental EBITDA of \$15-\$20 million in 2023

Combination of UMO Collections Growth, Refinery Optimization and Product Upgrades Drive The Model

