SECURITIES & EXCHANGE COMMISSION EDGAR FILING

Vertex Energy Inc.

Form: 8-K

Date Filed: 2019-08-07

Corporate Issuer CIK: 890447

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): August 7, 2019

VERTEX ENERGY, INC.

(Exact name of registrant as specified in its charter)

Nevada	001-11476	94-3439569
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(I.R.S. Employer Identification No.)**

1331 Gemini Street
Suite 250
Houston, Texas 77058
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (866) 660-8156

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.001 Par Value Per Share	VTNR	The NASDAQ Stock Market LLC (Nasdaq Capital Market)

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 Results of Operations and Financial Condition.

On August 7, 2019, Vertex Energy, Inc. ("Vertex" or the "Company") issued a press release and will hold a conference call regarding its financial results for the three and six months ended June 30, 2019. A copy of the press release, which includes information on the conference call and a summary of such financial results is furnished as Exhibit 99.1 to this Form 8-K. Additionally, a copy of a presentation which will be discussed on the earnings call is furnished as Exhibit 99.2 to this Form 8-K.

The information contained in this Current Report shall not be deemed " filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

The press release and presentation furnished as Exhibits 99.1 and 99.2, respectively, to this Current Report on Form 8-K, contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and, as such, may involve known and unknown risks, uncertainties and assumptions. These forward-looking statements relate to the Company's current expectations and are subject to the limitations and qualifications set forth in the press release and presentation as well as in the Company's other filings with the Securities and Exchange Commission, including, without limitation, that actual events and/or results may differ materially from those projected in such forward-looking statements. These statements also involve known and unknown risks, which may cause the results of the Company, its divisions and concepts to be materially different than those expressed or implied in such statements. Accordingly, readers should not place undue reliance on any forward-looking statements. Forward-looking statements may include comments as to the Company's beliefs and expectations as to future financial performance, events and trends affecting its business and are necessarily subject to uncertainties, many of which are outside the Company's control. More information on potential factors that could affect the Company's financial results is included from time to time in the "Forward-Looking Statements," "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of the Company's periodic and current filings with the SEC, including the Form 10-Qs and Form 10-Ks, filed with the SEC and available at www.sec.gov and in the "Investor Relations" – "SEC Filings" section of the Company's website at www.vertexenergy.com. Forward-looking statements speak only as of the date they are made. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise that occur after that date, except as otherwise provided by law.

Item 9.01 Financial Statements And Exhibits.

Exhibit No.	Description
99.1*	Press Release of Vertex Energy, Inc., dated August 7, 2019
99.2*+	2019 Second Quarter Earnings Call Presentation

* Furnished herewith.
+ The Presentation discloses Adjusted EBITDA for the three months and trailing 12 months ended June 30, 2019 and 2018, which is a non-GAAP financial measure. The Adjusted EBITDA calculations are described in greater detail, and reconciled to GAAP, in the press release attached hereto as Exhibit 99.1, under the heading "Reconciliation of Net Income (Loss) attributable to Vertex Energy, Inc., to Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) and Adjusted EBITDA", and incorporated by reference in this Form 8-K.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned, hereunto duly authorized.

VERTEX ENERGY, INC.

Date: August 7, 2019

By: /s/ Chris Carlson
Chris Carlson
Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Description
99.1*	Press Release of Vertex Energy, Inc., dated August 7, 2019
99.2*+	2019 Second Quarter Earnings Call Presentation

* Furnished herewith.

+ The Presentation discloses Adjusted EBITDA for the three months and trailing 12 months ended June 30, 2019 and 2018, which is a non-GAAP financial measure. The Adjusted EBITDA calculations are described in greater detail, and reconciled to GAAP, in the press release attached hereto as Exhibit 99.1, under the heading “Reconciliation of Net Income (Loss) attributable to Vertex Energy, Inc., to Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) and Adjusted EBITDA”, and incorporated by reference in this Form 8-K.

Exhibit 99.1

VERTEX ENERGY, INC. ANNOUNCES SECOND QUARTER 2019 RESULTS

--Total Direct UMO Collections Increased More than 20% Y/Y in 2Q19--
--Direct Collections Represented 42% of Total UMO Feedstock Supply in 2Q19--
--Announced JV with Tensile Capital with Potential to Materially Increase Access to Growth Capital--
--Extended Maturity on Asset-Based Term Loans with Lenders From 2020 to 2021--

HOUSTON – August 7, 2019 -- Vertex Energy, Inc. (NASDAQ: VTNR, "Vertex" or the "Company"), a leading specialty refiner and marketer of high-quality hydrocarbon products, today announced financial results for the second quarter of 2019.

For the three months ended June 30, 2019, the Company reported revenue of $43.7 million, versus $46.9 million in the prior-year period. Vertex reported an operating loss of ($0.7) million in the second quarter of 2019, versus $3.0 million of operating income in the prior-year period. The Company reported a basic net loss available to common shareholders of ($1.4) million, or ($0.03) per basic share, in the second quarter of 2019, versus net income of $1.4 million, or $0.03 per basic share, in the second quarter of 2018. The Company reported Adjusted EBITDA of $1.5 million, in the second quarter of 2019, versus Adjusted EBITDA of $4.8 million, in the second quarter 2018 (described in greater detail below).

During the second quarter of 2018, the Company benefited from elevated realized margins, supported by a combination of high product prices and low used motor oil (UMO) feed costs, while in the second quarter of 2019, a combination of less favorable realized margins and lower metals prices in the Company's recovery segment contributed to a year-over-year decline in profitability. The Company estimates the decline in metals prices contributed to reduced gross margin by approximately $1 million in the second quarter of 2019.

During the second quarter of 2019, both the Marrero, Louisiana refinery ("Marrero") and the Heartland refinery operated near peak nameplate capacity, showing strong demand for the Company's specialty petroleum-based products. Including nine days of planned maintenance in June, Heartland increased total refinery throughputs by 5% during the second quarter 2019, when compared to the prior-year period, given improved productivity resulting from planned maintenance. In July 2019, Marrero completed 21 days of planned maintenance. Both the Marrero and Heartland refineries are currently operating near peak rates.

Direct collections of UMO increased 21% in the second quarter of 2019, when compared to the prior-year's period. Direct UMO collections represented approximately 42% of overall feedstock processed at the Company's refineries in the second quarter of 2019, versus 37% in the second quarter of 2018, with the remaining feedstock being sourced from third-party UMO suppliers.

As announced on July 31, 2019, Vertex has entered into a joint venture with Tensile Capital Management LLC, an investment firm ("Tensile"). Under the terms of the agreements, Vertex has secured funding (a) which it intends to use to accelerate the development of the currently idled site in Belle Chase, LA ("Myrtle Grove") and (b) which in the event Tensile exercises an option that expires in June 2020, is anticipated to be sufficient for the full development of the Heartland business. Subject to a successful pilot program that is expected to reach completion by year-end 2019, Vertex will receive approximately $13.5 million of non-recourse funding that it intends to use for debt reduction, investment in organic UMO collections growth, and the targeted acquisition of third-party UMO collections operations.

Additionally, in connection with the Tensile transaction, the Company's senior lenders agreed to amend and extend the maturity date of Company's existing asset-based term loans from February 1, 2020 to February 1, 2021.

Management Commentary

"Our operations performed exceptionally well during the second quarter, supported by year-over-year growth in cost-advantaged direct collections and strong utilization at our Marrero and Heartland refineries, both of which operated near peak capacity during the period," stated Benjamin P. Cowart, President and CEO of Vertex.

"We generated positive Adjusted EBITDA during the second quarter and continue to expect improved momentum entering the second half of 2019. Having completed planned maintenance at Heartland and Marrero in June and July, respectively, we anticipate both refineries to operate at peak rates as we finish out the year and into 2020."

"The recent announcement of our joint venture with Tensile Capital has the potential to materially improve the long-term profitability of Vertex. Under the terms of the agreement, subject to a successful pilot test, Tensile will provide up to $35 million of growth capital that may be used to repay indebtedness, accelerate the development of our high-purity base oil operations, while also providing Vertex a liquidity event that will enable us to expand our UMO collections capabilities, among other growth opportunities", continued Cowart.

"As of June 30, 2019, we had cash and available liquidity of $2.9 million," stated Cowart. "Pro-forma for the successful closing of both phases of the Tensile transaction at year-end 2019, we anticipate Vertex will add more than $15 million in liquidity to the balance sheet."

Segment Performance

Black Oil Segment. The Company's Black Oil Segment collects and purchases UMO directly from third-party generators, aggregates UMO from an established network of local and regional collectors and sells refined finished products to customers for use as lubricants or fuels. During the second quarter 2019, segment revenue declined 1% on a year-over-year basis to $37.9 million, while gross profit declined 25% to $6.5 million, due to compressed spreads related to lower finished product values, increased feedstock costs, together with planned maintenance at our Heartland facility during the second quarter.

Refining & Marketing Segment. The Company's Refining & Marketing Segment aggregates and manages the re-refinement of hydrocarbon streams in the form of petroleum distillates, other chemical products and petroleum co-products, and sells the re-refined products to end customers. During the second quarter 2019, segment revenue declined on a year-over-year basis by 25% to $3.3 million, while gross profit increased 60% on a year-over-year basis to $0.6 million due to a reduction in low-margin business within the segment, coupled with improved spreads on existing business.

Recovery Segment. The Company's Recovery Segment includes a generator solutions company for the proper recovery and management of hydrocarbon streams, the sales and marketing of Group III base oils and other petroleum-based products, together with the recovery and processing of metals. During the second quarter 2019, segment revenue declined 39% on a year-over-year basis to $2.4 million, while gross profit declined to $0.1 million versus $1.0 million in the prior year's period, due to less favorable pricing on metals.

Second Quarter 2019 Conference Call and Webcast

A conference call will be held on August 7, 2019 at 9:00 AM ET to review the Company's financial results, discuss recent events and conduct a question-and-answer session. A webcast of the conference call and accompanying presentation materials will be available in the Investor Relations section of the Company's website at www.vertexenergy.com. To listen to a live broadcast, go to the site at least 15 minutes prior to the scheduled start time in order to register, download, and install any necessary audio software.

To participate in the live teleconference:

Domestic Live: **844-369-8770**

To listen to a replay of the teleconference, which will be available through August 31, 2019:

Domestic Replay: **877-481-4010**
Conference ID: **50785**

About Vertex Energy Inc.

Houston-based Vertex Energy, Inc. (NASDAQ: VTNR) is a specialty refiner of alternative feedstocks and marketer of high-purity petroleum products. Vertex is one of the largest processors of used motor oil in the U.S., with operations located in Houston and Port Arthur (TX), Marrero (LA) and Heartland (OH). Vertex also co-owns a facility, Myrtle Grove, located on a 41-acre industrial complex along the Gulf Coast in Belle Chasse, LA, with existing hydro-processing and plant infrastructure assets, that include nine million gallons of storage. The Company has built a reputation as a key supplier of Group II+ and Group III base oils to the lubricant manufacturing industry throughout North America.

Cautionary Statement Forward-Looking Statements

This press release may contain forward-looking statements, including information about management's view of Vertex Energy's future expectations, plans and prospects, within the safe harbor provisions under The Private Securities Litigation Reform Act of 1995 (the "Act"). In particular, when used in the preceding discussion, the words "believes," "hopes," "expects," "intends," "plans," "anticipates," or "may," and similar conditional expressions are intended to identify forward-looking statements within the meaning of the Act, and are subject to the safe harbor created by the Act. Any statements made in this news release other than those of historical fact, about an action, event or development, are forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors, which may cause the results of Vertex Energy, its divisions and concepts to be materially different than those expressed or implied in such statements. These risk factors and others are included from time to time in documents Vertex Energy files with the Securities and Exchange Commission, including but not limited to, its Form 10-Ks, Form 10-Qs and Form 8-Ks. Other unknown or unpredictable factors also could have material adverse effects on Vertex Energy's future results. The forward-looking statements included in this press release are made only as of the date hereof. Vertex Energy cannot guarantee future results, levels of activity, performance or achievements. Accordingly, you should not place undue reliance on these forward-looking statements. Finally, Vertex Energy undertakes no obligation to update these statements after the date of this release, except as required by law, and takes no obligation to update or correct information prepared by third parties that are not paid for by Vertex Energy.

Investor/Media Relations Contact

Noel Ryan, IRC
720.778.2415
IR@vertexenergy.com

Reconciliation of Net Income (Loss) attributable to Vertex Energy, Inc., to Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) and Adjusted EBITDA*

	For the Three Months Ended		For the Trailing Twelve Months Ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Net (loss) income attributable to Vertex Energy, Inc.	$ (427,436)	$ 2,530,068	$ (7,880,213)	$ (3,097,873)
Add (deduct):				
Interest Income	(1,918)	(659)	(1,918)	(2,178)
Interest Expense	738,972	847,456	3,128,659	3,178,098
Depreciation and amortization	1,780,890	1,733,076	7,081,738	6,825,409
EBITDA*	**2,090,508**	**5,109,941**	**2,328,266**	**6,903,456**
Add (deduct):				
Loss (gain) on change in value of derivative warrant liability	(746,017)	(475,913)	239,523	(859,305)
Stock-Based compensation	171,002	183,750	644,180	676,473
Adjusted EBITDA *	**$ 1,515,493**	**$ 4,817,778**	**$ 3,211,969**	**$ 6,720,624**
Adjusted Earnings Per Share (EPS)	**$ 0.04**	**$ 0.14**	**$ 0.09**	**$ 0.21**
Shares used in computing EPS	40,294,870	33,300,456	38,913,700	32,917,415

* EBITDA and Adjusted EBITDA are non-GAAP financial measures. These measurements are not recognized in accordance with GAAP and should not be viewed as an alternative to GAAP measures of performance.

EBITDA represents net income before interest, taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA before stock-based compensation expense and gain (loss) on change in value of derivative warrant liability. EBITDA and Adjusted EBITDA are presented because we believe they provide additional useful information to investors due to the various noncash items during the period. EBITDA and Adjusted EBITDA have limitations as analytical tools, and you should not consider them in isolation, or as a substitute for analysis of our operating results as reported under GAAP. Some of these limitations are:

- EBITDA and Adjusted EBITDA do not reflect cash expenditures, or future requirements for capital expenditures, or contractual commitments;
- EBITDA and Adjusted EBITDA do not reflect changes in, or cash requirements for, working capital needs;
- EBITDA and Adjusted EBITDA do not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on debt or cash income tax payments;
- Although depreciation and amortization are noncash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA and Adjusted EBITDA do not reflect any cash requirements for such replacements;
- Other companies in this industry may calculate EBITDA and Adjusted EBITDA differently than Vertex Energy does, limiting its usefulness as a comparative measure; and
- Trailing Twelve Months June 30, 2019 reflects amounts for the Fiscal Year Ended 2018 plus Q1 and Q2 2019 minus Q1 and Q2 2018. Trailing Twelve Months June 30, 2018 reflects amounts for the Fiscal Year Ended 2017 plus Q1 and Q2 2018 minus Q1 and Q2 2017.

VERTEX ENERGY, INC.
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	June 30, 2019	December 31, 2018
ASSETS		
Current assets		
Cash and cash equivalents	$ 498,219	$ 1,249,831
Restricted cash	100,007	1,600,000
Accounts receivable, net	11,500,507	9,027,990
Federal income tax receivable	205,818	137,212
Inventory	5,752,583	8,091,397
Derivative commodity asset	—	695,941
Prepaid expenses	1,494,198	2,740,541
Total current assets	19,551,332	23,542,912
Noncurrent assets		
Fixed assets, at cost	68,950,111	66,762,388
Less accumulated depreciation	(22,243,716)	(19,874,896)
Fixed assets, net	46,706,395	46,887,492
Finance lease right-of-use assets	957,812	397,515
Operating lease right-of use assets	36,911,345	—
Intangible assets, net	11,666,613	12,578,519
Federal income tax receivable	68,605	137,211
Other assets	616,759	616,759
TOTAL ASSETS	$ 116,478,861	$ 84,160,408
LIABILITIES, TEMPORARY EQUITY, AND EQUITY		
Current liabilities		
Accounts payable	$ 8,273,479	$ 8,791,529
Accrued expenses	2,347,998	2,535,347
Dividends payable	412,875	403,002
Finance lease liability-current	210,972	95,857
Operating lease liability-current	6,143,000	—
Current portion of long-term debt, net of unamortized finance costs	658,971	1,325,240
Derivative commodity liability	108,557	—
Revolving note	5,079,887	3,844,636
Total current liabilities	23,235,739	16,995,611
Long-term liabilities		
Long-term debt, net of unamortized finance costs	14,000,000	14,402,179
Finance lease liability-long-term	720,602	276,355
Operating lease liability-long-term	30,768,345	—
Contingent consideration	—	15,564
Derivative warrant liability	2,440,769	1,481,692
Total liabilities	71,165,455	33,171,401

	June 30, 2019	December 31, 2018
COMMITMENTS AND CONTINGENCIES (Note 3)	—	—
TEMPORARY EQUITY		
Series B Convertible Preferred Stock, $0.001 par value per share; 10,000,000 shares designated, 3,713,794 and 3,604,827 shares issued and outstanding at June 30, 2019 and December 31, 2018, respectively with a liquidation preference of $11,512,761 and $11,174,964 at June 30, 2019 and December 31, 2018, respectively.	9,904,054	8,900,208
Series B1 Convertible Preferred Stock, $0.001 par value per share; 17,000,000 shares designated, 10,264,001 and 10,057,597 shares issued and outstanding at June 30, 2019 and December 31, 2018, respectively with a liquidation preference of $16,011,842 and $15,689,851 at June 30, 2019 and December 31, 2018, respectively.	14,029,297	13,279,755
Total Temporary Equity	23,933,351	22,179,963
EQUITY		
50,000,000 of total Preferred shares authorized:		
Series A Convertible Preferred Stock, $0.001 par value; 5,000,000 shares designated, 419,859 and 419,859 shares issued and outstanding at June 30, 2019 and December 31, 2018, respectively with a liquidation preference of $625,590 and $625,590 at June 30, 2019 and December 31, 2018, respectively.	420	420
Common stock, $0.001 par value per share; 750,000,000 shares authorized; 40,346,906 and 40,174,821 shares issued and outstanding at June 30, 2019 and December 31, 2018, respectively.	40,347	40,175
Additional paid-in capital	75,599,525	75,131,122
Accumulated deficit	(55,105,156)	(47,800,886)
Total Vertex Energy, Inc. stockholders' equity	20,535,136	27,370,831
Non-controlling interest	844,919	1,438,213
Total Equity	21,380,055	28,809,044
TOTAL LIABILITIES, TEMPORARY EQUITY, AND EQUITY	$ 116,478,861	$ 84,160,408

VERTEX ENERGY, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Revenues	$ 43,657,292	$ 46,917,770	$ 82,978,004	$ 88,285,965
Cost of revenues (exclusive of depreciation and amortization shown separately below)	36,515,421	36,796,258	71,359,770	71,841,409
Gross profit	7,141,871	10,121,512	11,618,234	16,444,556
Operating expenses:				
Selling, general and administrative expenses	6,028,859	5,364,591	11,376,600	11,010,033
Depreciation and amortization	1,780,890	1,733,076	3,517,903	3,427,175
Total operating expenses	7,809,749	7,097,667	14,894,503	14,437,208
Income (loss) from operations	(667,878)	3,023,845	(3,276,269)	2,007,348
Other income (expense):				
Interest income	1,918	659	1,918	659
Gain on sale of assets	29,150	8,843	31,443	51,523
Gain (loss) on change in value of derivative warrant liability	746,017	475,913	(959,077)	44,162
Interest expense	(738,972)	(847,456)	(1,496,775)	(1,649,971)
Total other income (expense)	38,113	(362,041)	(2,422,491)	(1,553,627)
Income (loss) before income tax	(629,765)	2,661,804	(5,698,760)	453,721
Income tax benefit (expense)	—	—	—	—
Net income (loss)	(629,765)	2,661,804	(5,698,760)	453,721
Net income (loss) attributable to non-controlling interest	(202,329)	131,736	(307,760)	182,275
Net income (loss) attributable to Vertex Energy, Inc.	(427,436)	2,530,068	$ (5,391,000)	$ 271,446
Accretion of discount on Series B and B1 Preferred Stock	(532,925)	(556,214)	(1,093,600)	(1,198,504)
Dividends on Series B and B1 Preferred Stock	(412,875)	(534,680)	(819,670)	(1,089,597)
Net income (loss) available to common shareholders	$ (1,373,236)	$ 1,439,174	$ (7,304,270)	$ (2,016,655)
Income (loss) per common share				
Basic	$ (0.03)	$ 0.03	$ (0.18)	$ (0.06)
Diluted	$ (0.03)	$ 0.03	$ (0.18)	$ (0.06)
Shares used in computing earnings per share				
Basic	40,294,870	33,300,456	40,245,671	33,182,748
Diluted	40,294,870	37,013,651	40,245,671	33,182,748

VERTEX ENERGY, INC.
CONSOLIDATED STATEMENTS OF EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2018
(UNAUDITED)

Six Months Ended June 30, 2019

	Common Stock		Series A Preferred					
	Shares	$.001 Par	Shares	$0.001 Par	Additional Paid-In Capital	Retained Earnings	Non-controlling Interest	Total Equity
Balance on January 1, 2019	40,174,821	$ 40,175	419,859	$ 420	$ 75,131,122	$ (47,800,886)	$ 1,438,213	$ 28,809,044
Share based compensation expense, total	—	—	—	—	143,063	—	—	143,063
Conversion of Series B1 Preferred stock to common	96,160	96	—	—	149,914	(30,242)	—	119,768
Dividends on Series B and B1	—	—	—	—	—	(406,795)	—	(406,795)
Accretion of discount on Series B and B1	—	—	—	—	—	(530,433)	—	(530,433)
Net income (loss)	—	—	—	—	—	(4,963,564)	(105,431)	(5,068,995)
Balance on March 31, 2019	40,270,981	$ 40,271	419,859	$ 420	$ 75,424,099	$ (53,731,920)	$ 1,332,782	$ 23,065,652
Exercise of options to common	75,925	76	—	—	4,424	—	—	4,500
Share based compensation expense, total	—	—	—	—	171,002	—	—	171,002
Dividends on Series B and B1	—	—	—	—	—	(412,875)	—	(412,875)
Accretion of discount on Series B and B1	—	—	—	—	—	(532,925)	—	(532,925)
VRM LA distribution	—	—	—	—	—	—	(285,534)	(285,534)
Net income (loss)	—	—	—	—	—	(427,436)	(202,329)	(629,765)
Balance on June 30, 2019	40,346,906	$ 40,347	419,859	$ 420	$ 75,599,525	$ (55,105,156)	$ 844,919	$ 21,380,055

Six Months Ended June 30, 2018

	Common Stock		Series A Preferred		Series C Preferred					
	Shares	$.001 Par	Shares	$.001 Par	Shares	$0.001 Par	Additional Paid-In Capital	Retained Earnings	Non-controlling Interest	Total Equity
Balance on January 1, 2018	32,658,176	$32,658	453,567	$ 454	31,568	$ 32	$67,768,509	$(39,816,300)	$ 399,005	$28,384,358
Share based compensation expense, total	—	—	—	—	—	—	145,971	—	—	145,971
Conversion of Series B1 Preferred stock to common	500,000	500	—	—	—	—	779,500	(184,437)	—	595,563
Dividends on Series B and B1	—	—	—	—	—	—	—	(554,917)	—	(554,917)
Accretion of discount on Series B and B1	—	—	—	—	—	—	—	(457,853)	—	(457,853)
Net income (loss)	—	—	—	—	—	—	—	(2,258,622)	50,539	(2,208,083)
Balance on March 31, 2018	33,158,176	$33,158	453,567	$ 454	31,568	$ 32	$68,693,980	$(43,272,129)	$ 449,544	$25,905,039
Exercise of options to common	241	—	—	—	—	—	—	—	—	—
Share based compensation expense, total	—	—	—	—	—	—	183,750	—	—	183,750
Conversion of Series A Preferred stock to common	33,708	34	(33,708)	(34)	—	—	—	—	—	—
Conversion of Series B Preferred stock to common	32,149	33	—	—	—	—	99,629	(36,700)	—	62,962
Conversion of Series B1 Preferred stock to common	133,264	133	—	—	—	—	207,759	(48,689)	—	159,203
Dividends on Series B and B1	—	—	—	—	—	—	—	(534,680)	—	(534,680)
Accretion of discount on Series B and B1	—	—	—	—	—	—	—	(470,825)	—	(470,825)
Net income	—	—	—	—	—	—	—	2,530,068	131,736	2,661,804
Balance on June 30, 2018	33,357,538	$33,358	419,859	$ 420	31,568	$ 32	$69,185,118	$(41,832,955)	$ 581,280	$27,967,253

VERTEX ENERGY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2019 AND 2018 (UNAUDITED)

	Six Months Ended	
	June 30, 2019	June 30, 2018
Cash flows from operating activities		
Net income (loss)	$ (5,698,760)	$ 453,721
Adjustments to reconcile net income (loss) to cash provided by operating activities		
Stock based compensation expense	314,065	329,721
Depreciation and amortization	3,517,903	3,427,175
Gain on sale of assets	(31,443)	(51,523)
Contingent consideration reduction	(15,564)	—
Bad debt recovery	(360,926)	—
Increase in fair value of derivative warrant liability	959,077	(44,162)
Loss on commodity derivative contracts	1,069,778	1,212,087
Net cash settlements on commodity derivatives	(967,708)	(1,393,970)
Amortization of debt discount and deferred costs	286,954	290,746
Changes in operating assets and liabilities		
Accounts receivable	(2,111,591)	(1,300,384)
Inventory	2,338,814	(2,156,895)
Prepaid expenses	1,948,771	687,156
Accounts payable	(518,050)	2,575,354
Accrued expenses	(187,349)	(628,120)
Other assets	—	(205,942)
Net cash provided by operating activities	543,971	3,194,964
Cash flows from investing activities		
Acquisition of SES	—	(269,823)
Purchase of fixed assets	(2,419,599)	(1,570,094)
Proceeds from sale of fixed assets	86,846	85,230
Net cash used in investing activities	(2,332,753)	(1,754,687)
Cash flows from financing activities		
Payments on finance leases	(61,638)	(10,797)
Proceeds from exercise of stock options	4,500	—
Distribution VRM LA	(285,534)	—
Line of credit (payments) proceeds, net	1,235,251	(816,797)
Proceeds from note payable	187,501	1,667,426
Payments on note payable	(1,542,903)	(1,667,066)
Net cash used in financing activities	(462,823)	(827,234)
Net change in cash, cash equivalents and restricted cash	(2,251,605)	613,043
Cash, cash equivalents, and restricted cash at beginning of the period	2,849,831	1,105,787
Cash, cash equivalents, and restricted cash at end of period	$ 598,226	$ 1,718,830
SUPPLEMENTAL INFORMATION		
Cash paid for interest	$ 1,221,363	$ 1,126,362
Cash paid for taxes	$ —	$ —
NON-CASH INVESTING AND FINANCING TRANSACTIONS		
Conversion of Series A Preferred Stock into common stock	$ —	$ 34
Conversion of Series B Preferred Stock into common stock	$ —	$ 99,629
Conversion of Series B1 Preferred Stock into common stock	$ 149,914	$ 987,259
Accretion of discount on Series B and B1 Preferred Stock	$ 1,093,600	$ 1,198,504
Dividends-in-kind accrued on Series B and B1 Preferred Stock	$ 819,670	$ 1,089,597
Equipment acquired under finance leases	$ 621,000	$ 450,098

Exhibit 99.2


VERTEX
ENERGY
2Q19 Conference Call
August 7, 2019
VTNR
NASDAQ
LISTED

Disclaimer

This document may contain forward-looking statements including words such as "may," "can," "could," "should," "predict," "aim," "potential," "continue," "opportunity," "intend," "goal," "estimate," "expect," "expectations," "project," "projections," "plans," "anticipates," "believe," "think," "confident," "scheduled," or similar expressions, as well as information about management's view of Vertex Energy's future expectations, plans and prospects, within the safe harbor provisions under Private Securities Litigation Reform Act of 1995. These statements involve known and unknown risks, uncertainties and other factors which may cause the results of Vertex Energy, its divisions and concepts to be materially different than those expressed or implied in such statements. These risk factors and others are included from time to time in documents Vertex Energy files with the Securities and Exchange Commission, including, but not limited to, its Form 10-Ks, Form 10-Qs and Form 8-Ks, available at the SEC's website at www.sec.gov. Other unknown or unpredictable factors also could have material adverse effects on Vertex Energy's future results. The forward-looking statements included in this presentation are made only as of the date hereof. Vertex Energy cannot guarantee future results, levels of activity, performance or achievements. Accordingly, you should not place undue reliance on these forward-looking statements. Finally, Vertex Energy undertakes no obligation to update these statements after the date of this presentation, except as required by law, and also undertakes no obligation to update or correct information prepared by third parties that are not paid for by Vertex Energy.

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.

VERTEX ENERGY

TENSILE TRANSACTION OVERVIEW

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

Transaction Structure

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

The Tensile Transactions Have Two Separate and Distinct Phases

Phase 1 Closing Completed - Effective DATE	Phase 2 Closing Subject to Pilot Outcome – Year-End 2019
100% of Myrtle Grove assets placed in SPV ("MGSPV"); TC invests $4 mm in MGSPV – pilot work begins;	100% of Heartland Refinery and related assets placed in SPV ("HSPV")
TC takes a 15% ownership stake in MGSPV; Vertex retains 85% stake;	$13.5 mm non-recourse cash to VTNR
1) TC required to acquire 1.5 mm shares of VTNR 2) 1.5 mm 10-year cash warrants @ $2.25/share	TC takes a 65% ownership stake in HSPV; Vertex retains 35% stake;
Assuming pilot is successfully completed, Phase 2 closing automatically moves forward	Vertex retains 3-year call option to repurchase stakes in HSPV on pre-determined formulas

VERTEX ENERGY

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 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 shall receive 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

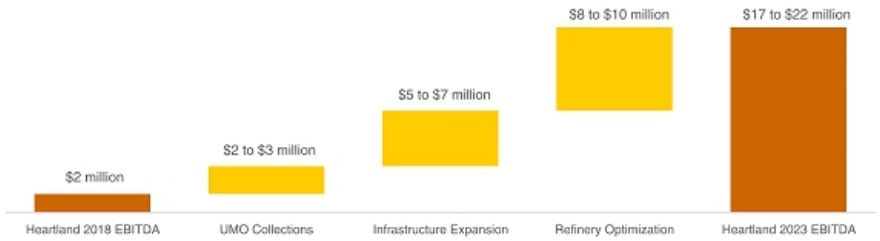
> Upon the Phase I closing, TC has right of first refusal to deploy the first $50 million of project capital for the full development of the high-purity base oils at the Myrtle Grove facility

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

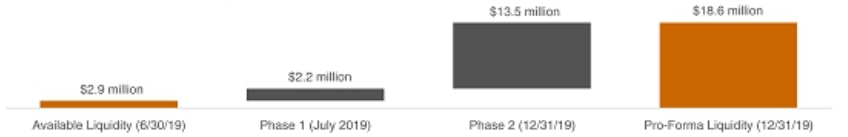


Transformational Liquidity Event For Vertex

Expected to Provide Liquidity To Reduce Debt, Grow UMO Collections Fleet in VTNR Footprint

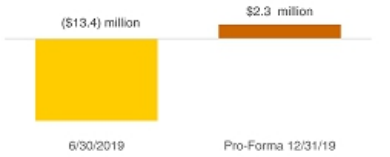
Forecasted Liquidity Bridge

Transaction Significantly Increases Access To Growth Capital



Forecasted Net Debt

$15.7 million Improvement In Liquidity



Anticipated Uses of Transaction Capital

Prioritizing Uses of Capital

VERTEX ENERGY

2Q19 RESULTS SUMMARY

Executive Summary
Second Quarter 2019

1. **Generated strong y/y growth in used motor oil collections**
   - Total UMO feedstock supply to the Company increased to 23.1 million gallons in 2Q19; direct collection volume increased 20% y/y to a record 9.7 million gallons; direct collections were 42% of total UMO supply in 2Q19 vs. 36% in 2Q18
2. **Marrero refinery operated above peak utilization**
   - Marrero operated at 103% of capacity in 2Q19, despite challenging weather conditions in most of the Gulf Coast; we completed 17 days of planned maintenance at Marrero in July 2019
3. **Heartland refinery operated near peak utilization, despite planned maintenance**
   - Heartland operated at 97% of capacity in 2Q19, even after a nine-day turnaround completed in June 2019; following planned maintenance, quality specifications and production volumes increased materially; lower than anticipated base oil prices impacted margin capture in 2Q19
4. **Recovery segment gross profit declined y/y due to soft metals markets**
   - Recovery segment gross profit declined from $1.1 million in 2Q18 to $0.1 million in 2Q19 due to a y/y decline in metals price and volume

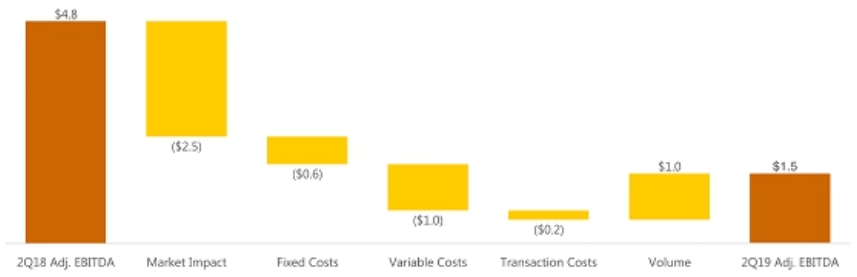
Key Financial Metrics
Second Quarter 2019

Adjusted EBITDA Bridge

2Q18 vs. 2Q19 ($MM)

Y/Y Change Impacted By Less Favorable Spreads, Higher Transportation, Transaction and Turnaround Costs

Continue to anticipate a recovery in 2H19 EBITDA

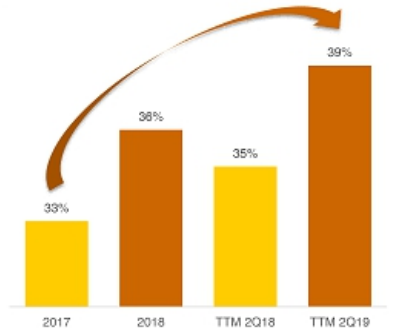


Sustained Growth In Used Motor Oil Collections

Increased Weighting Toward Cost-Advantaged Direct Collections

Total Direct + Third-Party UMO Collections
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

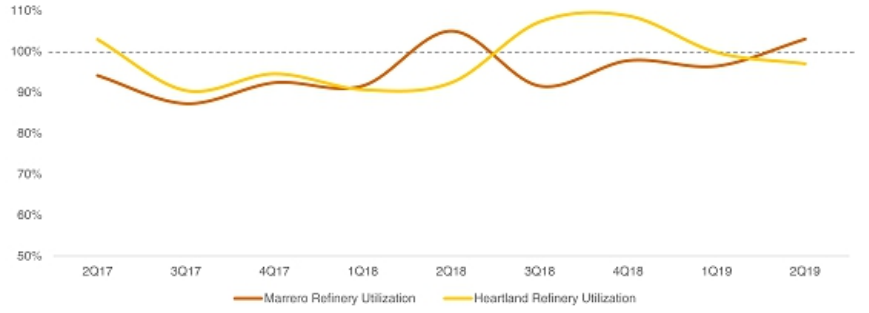
Significant Potential Opportunity To Reduce Feedstock Costs

Exceptional Refining System Operational Performance

Heartland and Marrero Both Operated At/Above Peak Capacity in 2Q19

Marrero and Heartland refineries have consistently operated at peak rates over a multi-year period

Heartland conducted 9 days of planned maintenance in June 2019; Marrero completed 17 days of planned maintenance in July 2019

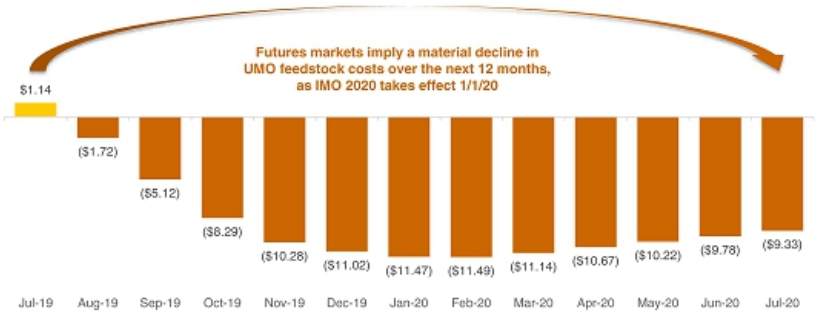


Futures Strip Reacting Favorable To IMO 2020

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)

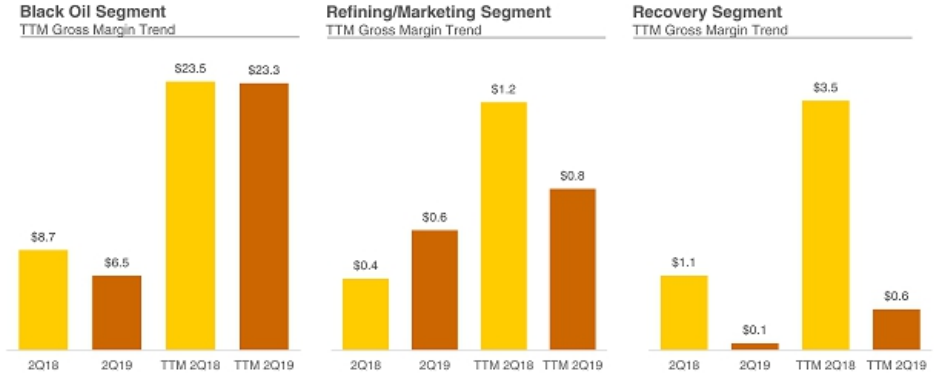
Implies $15 per barrel (or $0.36 Per Gallon) Improvement in Spread Over The Next 12 Months (as of July 2019)



VERTEX ENERGY

Stable TTM Margin Trend In Black Oil Segment

Black Oil Segment Represented 90% of Gross Profit in 2Q19

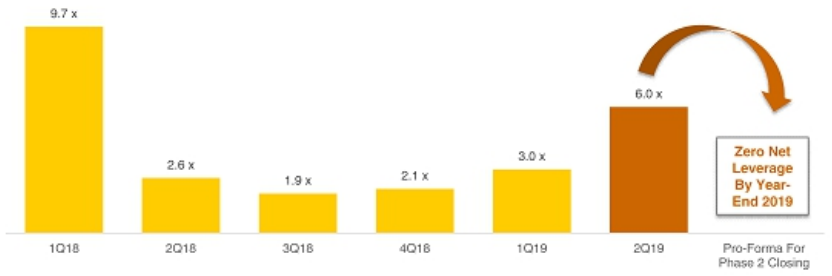


Anticipate Improved Balance Sheet Metrics By Year-End 2019

Net Debt vs. Trailing Twelve-Month Adjusted EBITDA

We Intend To Be Net Debt Positive By Year-End 2019, Pro-Forma For The Phase 2 Closing

Net Leverage Expected To Decline From 6.0x to Zero By Year-End 2019



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
- 20% y/y growth in direct collections growth during 2Q19
- 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

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

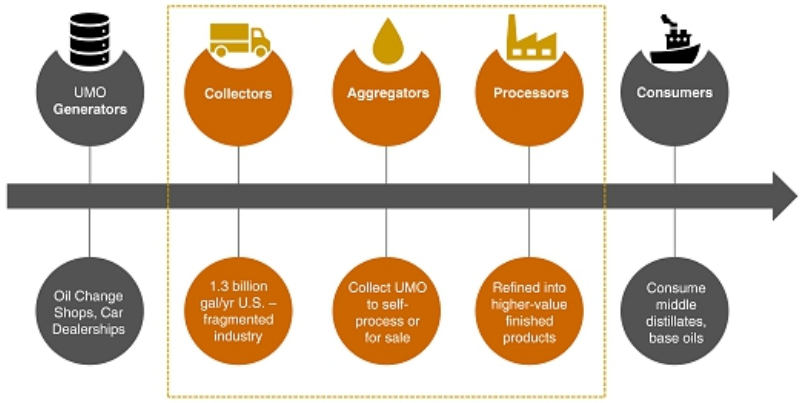
- TTM production = 84.4 mm gal
- Marrero (LA) - Marine Fuel production
- Heartland (OH) - Base oil production
- Baytown (TX) – Houston ship channel terminal

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

VERTEX ENERGY

Used Motor Oil Recycling Value Chain

Direct and Third-Party UMO Collections Used As Refining Feedstock



VERTEX ENERGY

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

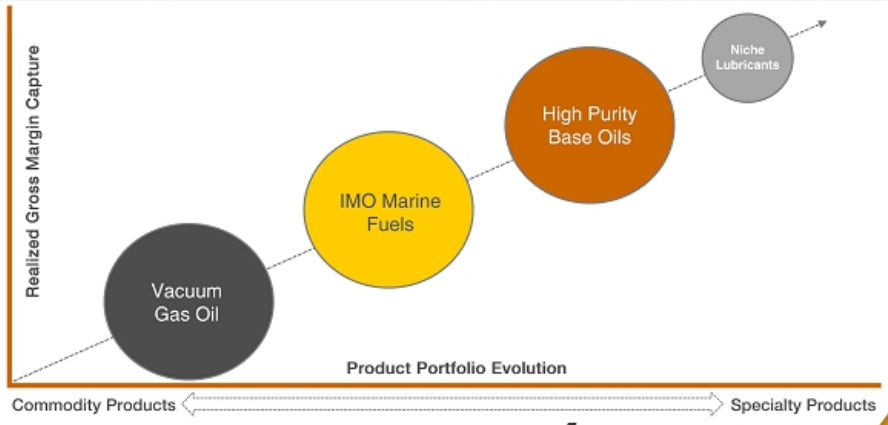
- 1,500 bpd nameplate capacity
- Feedstock: UMO
- Production: Group II+ base oil
- Opportunity: Global transition to higher-purity base oils

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



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

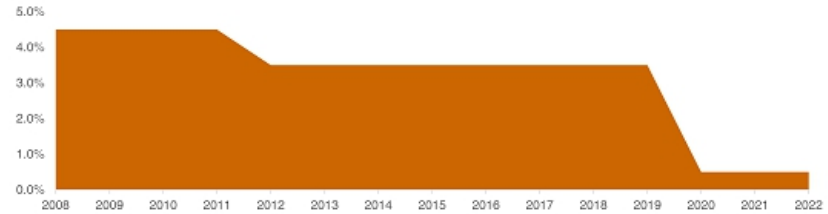
IMO 2020 Represents a Potential Catalyst for Vertex

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



CAFE Standards Drive Demand For Higher Purity Base Oils

Corporate Average Fleet Economy (CAFE) Standard Requires Lower Emissions

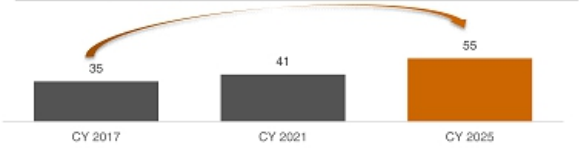
Executive Summary

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

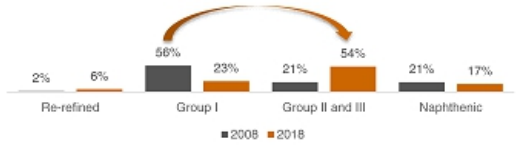
CAFE Standard Fuel Economy By Year

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)