SECURITIES & EXCHANGE COMMISSION EDGAR FILING

Vertex Energy Inc.

Form: 8-K

Date Filed: 2019-11-08

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): November 8, 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 November 8, 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 nine months ended September 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 November 8, 2019
99.2*+	2019 Third Quarter Earnings Call Presentation

* Furnished herewith.

+ The Presentation discloses Adjusted EBITDA for the three months and trailing 12 months ended September 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 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: November 8, 2019

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

EXHIBIT INDEX

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Exhibit 99.1

VERTEX ENERGY, INC. REPORTS THIRD QUARTER 2019 RESULTS

--Direct UMO Collections Increased 24.5% Y/Y in 3Q19-
--Widening in Product Spreads Entering 4Q19 in Advance of IMO 2020 Mandate--
--Commencing TCEP Operations at Baytown Texas Facility in November 2019--
--Targeting Successful Completion of UMO-to-High Purity Base Oil Pilot Test by Year-End 2019--
--Introducing Full-Year 2020 Adjusted EBITDA Guidance of $15 million to $20 million--

HOUSTON, TX., November 8, 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 third quarter 2019.

For the three months ended September 30, 2019, the Company reported revenue of $37.8 million, versus $50.6 million in the prior-year period. Vertex reported an operating loss of ($2.5) million in the third quarter of 2019, versus $0.6 million of operating income in the prior-year period. The Company reported a net loss available to common shareholders of ($3.9) million, or ($0.09) per basic share, in the third quarter 2019, versus a net loss of ($4.6) million, or ($0.13) per basic share, in the third quarter 2018. Vertex reported Adjusted EBITDA of $1.8 million in the third quarter 2019, versus $3.2 million in the quarter 2018. A schedule reconciling the Company's GAAP and non-GAAP financial results (including Adjusted EBITDA) is included later in this release.

During the third quarter 2019, the Company benefited from strong growth in used motor oil (UMO) collections and widening product spreads on middle distillates ahead of the January 1, 2020 transition to low-sulfur marine fuels mandated by the International Maritime Organization (IMO). Despite favorable market conditions, Hurricane Barry extended the duration of a planned turnaround at the Marrero (Louisiana) refinery during July, resulting in an additional negative $1.5 million impact in the third quarter. The Company's Marrero and Heartland (Ohio) refineries are currently operating near peak nameplate capacity, given strong demand for the Company's specialty products.

Direct collections of UMO increased 24.5% in the third quarter of 2019, when compared to the prior-year's period. UMO collections represented approximately 48.6% of overall feedstock processed at the Company's refineries in the third quarter of 2019, versus 38.7% in the third quarter of 2018, with the remaining feedstock being sourced from third-party UMO suppliers.

"During the past four years, we have invested significant time and resources preparing Vertex to capitalize on the International Maritime Organization's low sulfur marine fuel mandate that comes into effect January 1, 2020," stated Benjamin P. Cowart, President and CEO of Vertex. "With the IMO transition now just weeks away, our facilities are now ready to execute on this opportunity. We have seen product spreads widen versus prior-year levels, supported by a decline in feedstock costs together with a corresponding increase in distillate values. Current market conditions are setting up favorably as we look ahead to the fourth quarter and into 2020."

"Our Marrero and Heartland refineries operated near peak capacity since August," continued Cowart. "This month, we will recommence TCEP production at our Baytown facility as we seek to capitalize on improved demand for lower sulfur marine fuels, continued Cowart. "Our TCEP technology converts feedstock into a low sulfur marine fuel that can be sold into the new 0.5% low sulfur marine fuel specification mandated under IMO 2020."

As announced on July 31, 2019, Vertex has entered into a joint venture with Tensile Capital Management LLC, as referred to in previous public disclosures. Subject in part 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.

TCEP Update

Vertex operates a tank terminal facility in Baytown, TX where the Company collects and processes used motor oil into higher value feedstocks through its patented Thermal Chemical Extraction Process (TCEP) technology.

In the fourth quarter 2019, the Company expects to produce approximately 30,000 barrels of marine fuel using the TCEP technology, the first such production since the third quarter 2015. All required capital investments have been made in the facility, which is now prepared to commence operations.

Financial Guidance

For the fourth quarter 2019, the Company anticipates Adjusted EBITDA in the range of $2.5 million to $3.0 million. For the full-year 2020, the Company anticipates Adjusted EBITDA in the range of $15 million to $20 million. All guidance is current as of the time provided and is subject to change.

Conference Call and Webcast

A conference call will be held on November 8, 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 December 8, 2019:

Domestic Replay: **877-481-4010**
Conference ID: **54092**

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 Contact

Noel Ryan, IRC
720.778.2415
IR@vertexenergy.com

Reconciliation of Net 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	
	September 30, 2019	**September 30, 2018**	**September 30, 2019**	**September 30, 2018**
Net loss attributable to Vertex Energy, Inc.	$ (1,091,781)	$ (2,287,880)	$ (6,684,114)	$ (2,401,821)
Add (deduct):				
Interest Income	(653)	—	(2,571)	(659)
Interest Expense	826,005	798,800	3,155,864	3,243,439
Depreciation and amortization	1,815,582	1,806,839	7,090,481	6,934,427
EBITDA	**1,549,153**	**317,759**	**3,559,660**	**7,775,386**
Add (deduct):				
Loss (gain) on change in value of derivative warrant liability	(1,290,792)	2,169,133	(3,220,402)	2,681,289
Unrealized (gain) loss on derivative instruments	1,402,017	554,921	909,040	601,483
Stock-based compensation	159,426	165,058	638,548	678,529
Adjusted EBITDA *	**$ 1,819,804**	**$ 3,206,871**	**$ 1,886,846**	**$ 11,736,687**

* 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 and unrealized gains and losses on derivative instruments for hedging activities . 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 September 30, 2019 reflects amounts for the Fiscal Year Ended 2018 plus Q1, Q2 and Q3 2019 minus Q1, Q2 and Q3 2018. Trailing Twelve Months September 30, 2018 reflects amounts for the Fiscal Year Ended 2017 plus Q1, Q2 and Q3 2018 minus Q1, Q2 and Q3 2017.

VERTEX ENERGY, INC.
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	September 30, 2019	December 31, 2018
ASSETS		
Current assets		
Cash and cash equivalents	$ 2,303,725	$ 1,249,831
Restricted cash	100,088	1,600,000
Accounts receivable, net	10,405,711	9,027,990
Federal income tax receivable	205,818	137,212
Inventory	5,878,408	8,091,397
Derivative commodity asset	—	695,941
Prepaid expenses	6,534,981	2,740,541
Total current assets	25,428,731	23,542,912
Noncurrent assets		
Fixed assets, at cost	69,437,842	66,762,388
Less accumulated depreciation	(23,550,224)	(19,874,896)
Fixed assets, net	45,887,618	46,887,492
Finance lease right-of-use assets	904,691	397,515
Operating lease right-of use assets	36,242,861	—
Intangible assets, net	11,590,876	12,578,519
Federal income tax receivable	68,605	137,211
Other assets	616,759	616,759
TOTAL ASSETS	$ 120,740,141	$ 84,160,408
LIABILITIES, TEMPORARY EQUITY, AND EQUITY		
Current liabilities		
Accounts payable	$ 7,745,380	$ 8,791,529
Accrued expenses	2,275,006	2,535,347
Dividends payable	419,082	403,002
Finance lease liability-current	214,045	95,857
Operating lease liability-current	6,005,502	—
Current portion of long-term debt, net of unamortized finance costs	2,794,624	1,325,240
Derivative commodity liability	1,510,573	—
Revolving note	5,387,639	3,844,636
Total current liabilities	26,351,851	16,995,611
Long-term liabilities		
Long-term debt, net of unamortized finance costs	12,658,000	14,402,179
Finance lease liability-long-term	665,926	276,355
Operating lease liability-long-term	30,237,359	—
Contingent consideration	—	15,564
Derivative warrant liability	1,149,977	1,481,692
Total liabilities	71,063,113	33,171,401
COMMITMENTS AND CONTINGENCIES (Note 3)	—	—
TEMPORARY EQUITY		
Series B Convertible Preferred Stock, $0.001 par value per share; 10,000,000 shares designated, 3,769,505 and 3,604,827 shares issued and outstanding at September 30, 2019 and December 31, 2018, respectively with a liquidation preference of $11,685,466 and $11,174,964 at September 30, 2019 and December 31, 2018, respectively.	10,442,193	8,900,208

	September 30, 2019	December 31, 2018
Series B1 Convertible Preferred Stock, $0.001 par value per share; 17,000,000 shares designated, 10,417,966 and 10,057,597 shares issued and outstanding at September 30, 2019 and December 31, 2018, respectively with a liquidation preference of $16,252,027 and $15,689,851 at September 30, 2019 and December 31, 2018, respectively.	14,454,821	13,279,755
Redeemable non-controlling interest	4,000,000	—
Total Temporary Equity	28,897,014	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 September 30, 2019 and December 31, 2018, respectively with a liquidation preference of $625,590 and $625,590 at September 30, 2019 and December 31, 2018, respectively.	420	420
Common stock, $0.001 par value per share; 750,000,000 shares authorized; 41,849,406 and 40,174,821 shares issued and outstanding at September 30, 2019 and December 31, 2018, respectively.	41,850	40,175
Additional paid-in capital	79,719,745	75,131,122
Accumulated deficit	(59,788,939)	(47,800,886)
Total Vertex Energy, Inc. stockholders' equity	19,973,076	27,370,831
Non-controlling interest	806,938	1,438,213
Total Equity	20,780,014	28,809,044
TOTAL LIABILITIES, TEMPORARY EQUITY, AND EQUITY	$ 120,740,141	$ 84,160,408

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Revenues	$ 37,799,259	$ 50,632,948	$ 120,777,263	$ 138,918,913
Cost of revenues (exclusive of depreciation and amortization shown separately below)	32,372,316	42,593,367	103,732,086	114,434,776
Gross profit	5,426,943	8,039,581	17,045,177	24,484,137
Operating expenses:				
Selling, general and administrative expenses	6,153,184	5,658,659	17,529,784	16,668,692
Depreciation and amortization	1,815,582	1,806,839	5,333,485	5,234,014
Total operating expenses	7,968,766	7,465,498	22,863,269	21,902,706
Income (loss) from operations	(2,541,823)	574,083	(5,818,092)	2,581,431
Other income (expense):				
Other income	918,153	—	920,071	659
Gain on sale of assets	—	—	31,443	51,523
Gain (loss) on change in value of derivative warrant liability	1,290,792	(2,169,133)	331,715	(2,124,971)
Interest expense	(826,005)	(798,800)	(2,322,780)	(2,448,771)
Total other income (expense)	1,382,940	(2,967,933)	(1,039,551)	(4,521,560)
Loss before income tax	(1,158,883)	(2,393,850)	(6,857,643)	(1,940,129)
Income tax benefit (expense)	—	—	—	—
Net loss	(1,158,883)	(2,393,850)	(6,857,643)	(1,940,129)
Net loss attributable to non-controlling interest	(67,102)	(105,970)	(374,862)	76,305
Net loss attributable to Vertex Energy, Inc.	(1,091,781)	(2,287,880)	(6,482,781)	(2,016,434)
Accretion of redeemable noncontrolling interest to redemption value	(1,849,930)	—	(1,849,930)	—
Accretion of discount on Series B and B1 Preferred Stock	(550,774)	(1,152,968)	(1,644,374)	(2,351,472)
Dividends on Series B and B1 Preferred Stock	(419,096)	(1,194,524)	(1,238,766)	(2,284,121)
Net loss available to common shareholders	$ (3,911,581)	$ (4,635,372)	$ (11,215,851)	$ (6,652,027)
Loss per common share				
Basic	$ (0.09)	$ (0.13)	$ (0.28)	$ (0.20)
Diluted	$ (0.09)	$ (0.13)	$ (0.28)	$ (0.20)
Shares used in computing earnings per share				
Basic	41,376,335	35,144,113	40,626,700	33,843,721
Diluted	41,376,335	35,144,113	40,626,700	33,843,721

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

Nine Months Ended September 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 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 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
Exercise of options to common	2,500	3	—	—	2,572	—	—	2,575
Share based compensation expense, total	—	—	—	—	159,426	—	—	159,426
Dividends on Series B and B1	—	—	—	—	—	(419,096)	—	(419,096)
Accretion of discount on Series B and B1	—	—	—	—	—	(550,774)	—	(550,774)
Adjustment of carrying mount of non-controlling interest	—	—	—	—	970,809	—		970,809
Accretion of redeemable non-controlling interest to redemption value	—	—	—	—	—	(1,849,930)	—	(1,849,930)
Issuance of common stock and warrants	1,500,000	1,500	—	—	2,987,413	(772,202)	—	2,216,711
Net loss	—	—	—	—	—	(1,091,781)	(37,981)	(1,129,762)
Balance on September 30, 2019	41,849,406	$ 41,850	419,859	$ 420	$79,719,745	$(59,788,939)	$ 806,938	$20,780,014

Nine Months Ended September 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
Correction of non-controlling interest	—	—	—	—	—	—	—	101,718	(101,718)	—
Share based compensation expense, total	—	—	—	—	—	—	165,058	—	—	165,058
Fixed assets contributed capital VRMLA	—	—	—	—	—	—	—	—	857,738	857,738
Conversion of Series C Preferred stock to common	3,156,800	3,157	—	—	(31,568)	(32)	(3,125)	—	—	—
Conversion of Series B1 Preferred stock to common	2,326,552	2,326	—	—	—	—	3,627,095	(637,270)	—	2,992,151
Dividends on Series B and B1	—	—	—	—	—	—	—	(1,194,524)	—	(1,194,524)
Accretion of discount on Series B and B1	—	—	—	—	—	—	—	(515,698)	—	(515,698)
Net income	—	—	—	—	—	—	—	(2,287,880)	(105,970)	(2,393,850)
Balance on September 30, 2018	38,840,890	$ 38,841	419,859	$ 420	—	$ —	$ 72,974,146	$ (46,366,609)	$ 1,231,330	$ 27,878,128

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

	Nine Months Ended	
	September 30, 2019	September 30, 2018
Cash flows from operating activities		
Net loss	$ (6,857,643)	$ (1,940,129)
Adjustments to reconcile net loss to cash provided by (used in) operating activities		
Stock based compensation expense	473,491	494,779
Depreciation and amortization	5,333,485	5,234,014
Gain on sale of assets	(31,443)	(51,523)
Contingent consideration reduction	(15,564)	—
Reduction in allowance for bad debt	(389,943)	—
(Decrease) increase in fair value of derivative warrant liability	(331,715)	2,124,971
Loss on commodity derivative contracts	2,691,833	1,859,234
Net cash settlements on commodity derivatives	(3,446,274)	(2,386,897)
Amortization of debt discount and deferred costs	430,431	474,360
Changes in operating assets and liabilities		
Accounts receivable	(987,778)	(3,091,273)
Inventory	2,212,989	(341,329)
Prepaid expenses	(833,485)	(1,072,076)
Accounts payable	(1,046,149)	534,689
Accrued expenses	(260,341)	(1,175,692)
Other assets	—	(253,642)
Net cash (used in) provided by operating activities	(3,058,106)	409,486
Cash flows from investing activities		
Acquisition of SES	—	(269,826)
Internally developed software	(380,216)	—
Purchase of fixed assets	(2,907,330)	(1,813,904)
Proceeds from sale of fixed assets	86,846	6,848
Net cash used in investing activities	(3,200,700)	(2,076,882)
Cash flows from financing activities		
Payments on finance leases	(113,241)	(34,660)

	Nine Months Ended	
	September 30, 2019	September 30, 2018
Proceeds from exercise of stock options	7,075	—
Distribution VRM LA	(285,534)	—
Contributions received from redeemable noncontrolling interest	3,150,000	—
Proceeds received from issuance of common stock and warrants	2,216,711	—
Line of credit (payments) proceeds, net	1,543,003	1,408,206
Proceeds from note payable	2,809,139	4,024,964
Payments on note payable	(3,514,365)	(2,996,556)
Net cash provided by financing activities	5,812,788	2,401,954
Net change in cash, cash equivalents and restricted cash	(446,018)	734,558
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	$ 2,403,813	$ 1,840,345
SUPPLEMENTAL INFORMATION		
Cash paid for interest	$ 1,887,012	$ 2,034,275
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	$ 4,614,354
Accretion of discount on Series B and B1 Preferred Stock	$ 1,644,374	$ 2,351,472
Dividends-in-kind accrued on Series B and B1 Preferred Stock	$ 1,238,766	$ 2,284,121
Equipment acquired under finance leases	$ 621,000	$ 450,098
Initial adjustment of carrying amount redeemable noncontrolling interest	$ 970,809	$ —
Accretion of redeemable noncontrolling interest to redemption value	$ 1,849,930	$ —

Exhibit 99.2


VERTEX
ENERGY
3Q19 Conference Call
November 8, 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.

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3Q19 RESULTS SUMMARY

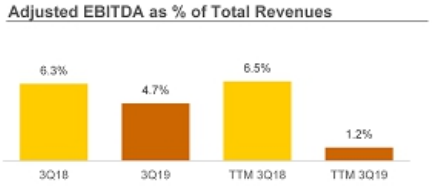
Third Quarter 2019

Executive Summary

1. Production, marketing and sales teams fully prepared for IMO 2020 transition on 1/1/20
2. Marrero planned maintenance impacted by Hurricane Barry
3. Plan to commence production of fuel oil blend stock through TCEP Technology at Baytown facility in Nov-19
4. UMO-to-high purity base oil pilot test expected to reach completion by year-end 2019
5. Pending successful completion of Pilot Test, anticipate $13.5 million cash payment to Vertex from Tensile
6. Product spreads expected to widening substantially into 4Q19 / 1Q20, as IMO 2020 approaches

Key Financial Metrics

Third Quarter 2019

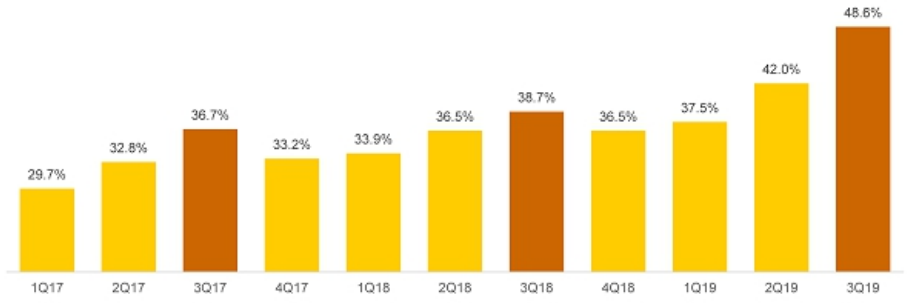


Sustained Growth In Direct Used Motor Oil Collections

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



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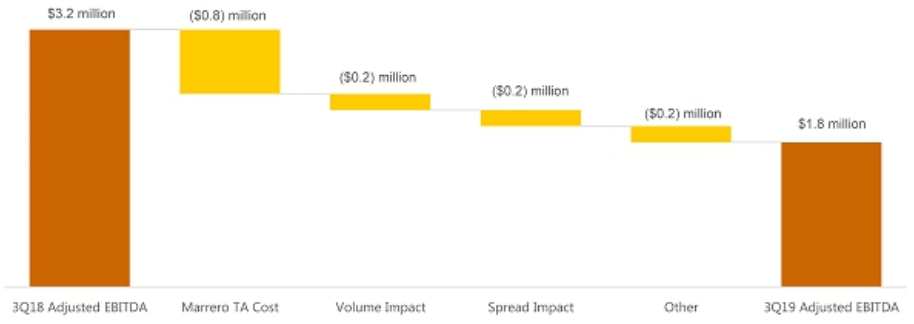
Adjusted EBITDA Bridge

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

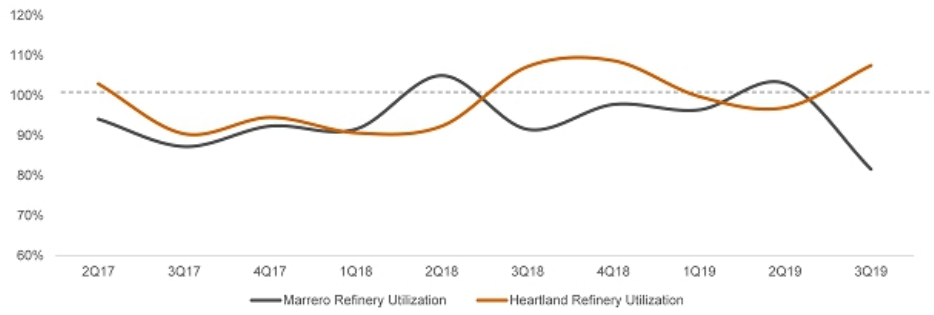


Exceptional Performance At Heartland

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

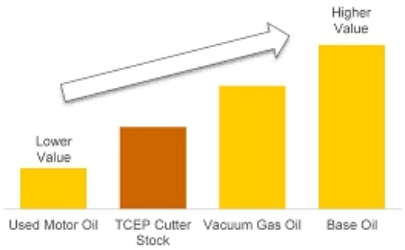
Plan to Produce Fuel Oil Blend Stock for Marine Fuel Market

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)

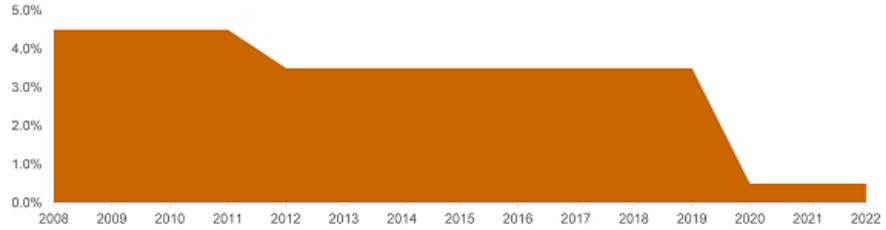
IMO 2020 Represents a Potential Catalyst for Vertex

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

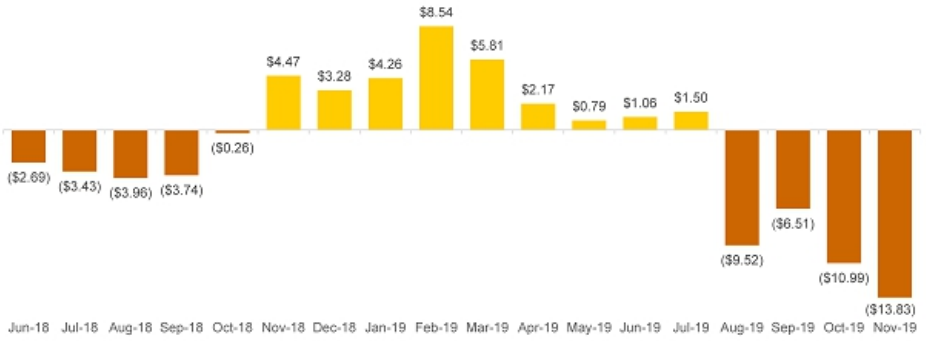


Improved Product Spreads Ahead of IMO 2020

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

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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

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Fourth Quarter 2019 / Full-Year 2020

Management Outlook

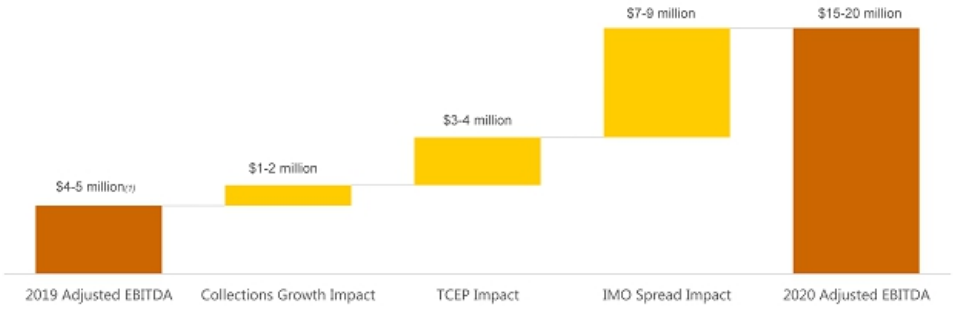
1. **Investment Catalysts**
   - (1) Widening product spreads (2) anticipated announcement of Pilot Test results by year-end 2019 (3) contributions from TCEP production; (4) growth in cost-advantaged direct collections
2. **4Q19 Financial Guidance**
   - Management anticipates 4Q19 Adjusted EBITDA in 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

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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

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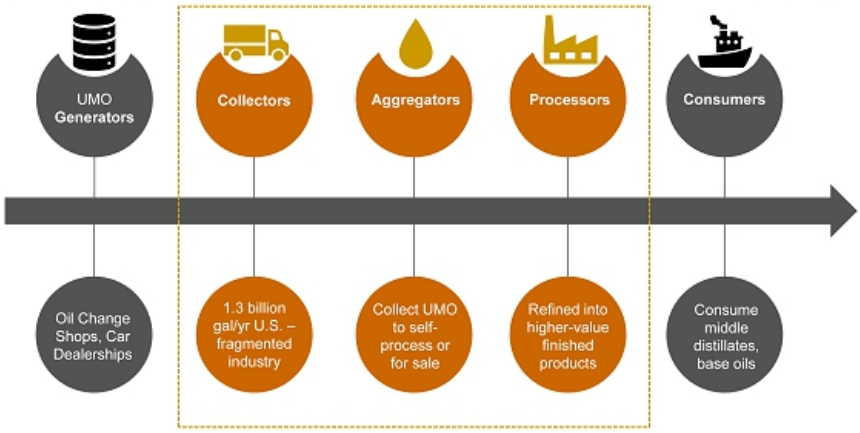
Used Motor Oil Recycling Value Chain

Direct and Third-Party UMO Collections Used As Refining Feedstock



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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

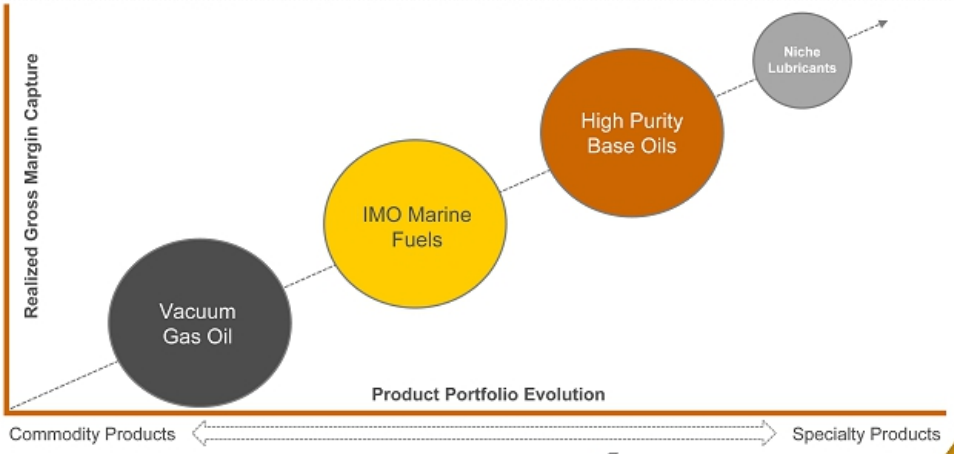
- 1,500 bpd nameplate capacity
- Feedstock: UMO
- Production: Group II+ base oil
- Opportunity: Global transition to higher-purity base oils

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



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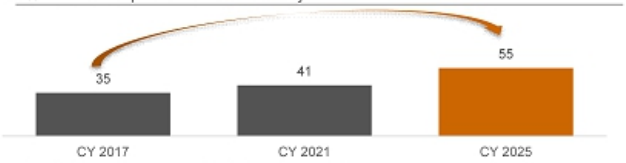
CAFE Standards Drive Demand For Higher Purity Base Oils

Corporate Average Fleet Economy (CAFE) Standard Requires Lower Emissions

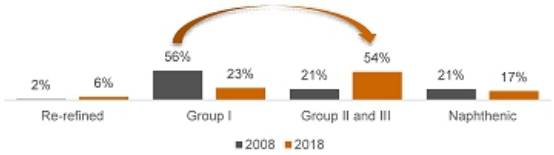
Executive Summary
Drivers of Group II+/III Demand

- 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)

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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 moves forward	Vertex retains 3-year call option to repurchase stakes in HSPV on pre-determined formulas

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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