

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

Vertex Energy Inc.

Form: 8-K

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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): March 26, 2020

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 March 26, 2020, Vertex Energy, Inc. (“Vertex” or the “Company”) issued a press release including an updated projected adjusted EBITDA range for the first quarter of 2020; information regarding free cash flow for the first quarter of 2020; information regarding total cash and funds available under the Company’s credit facilities; and an update regarding the Company’s response to COVID-19. A copy of the press release is furnished as Exhibit 99.1 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 furnished as Exhibit 99.1 to this Current Report on Form 8-K, contains forward-looking statements within the safe harbor provisions under The Private Securities Litigation Reform Act of 1995, 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 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.

<u>Exhibit No.</u>	<u>Description</u>
99.1*	Press Release of Vertex Energy, Inc., dated March 26, 2020

* Furnished herewith.

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: March 26, 2020

By: */s/ Chris Carlson*

Chris Carlson

Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Description
99.1*	Press Release of Vertex Energy, Inc., dated March 26, 2020

* Furnished herewith.



VERTEX ENERGY, INC. PROVIDES BUSINESS UPDATE

HOUSTON, TX., March 26, 2020 -- Vertex Energy, Inc. (NASDAQ: VTNR, "Vertex" or the "Company"), a leading specialty refiner and marketer of high-quality hydrocarbon products, today provided an update on its recent performance and outlook, including recent actions taken to mitigate the impact of the coronavirus ("COVID-19").

FIRST QUARTER 2020 PERFORMANCE

- **Management anticipates Adjusted EBITDA to be in a range of approximately \$2.0 to \$3.0 million in the first quarter of 2020.** Results for the three months ending March 31, 2020 are expected to be supported by firm utilization at the Company's Heartland and Marrero refineries, together with successful actions taken to mitigate spread compression in the period.
- **Management anticipates free cash flow to be in a range of approximately \$1.8 to \$2.8 million in the first quarter of 2020.** The Company defines free cash flow as Adjusted EBITDA less total capital expenditures.
- **The Company had total cash and total funds available under its credit facilities of approximately \$16.0 million as of March 25, 2020.** Given total debt outstanding on the Company's credit facilities of approximately \$6.7 million as of March 25, 2020, the Company has sufficient liquidity to support the ongoing management of the business.

COVID-19 MITIGATION ACTIONS

- **The Company's operations are classified as "critical infrastructure and essential services" by the U.S. Department of Homeland Security.** As such, the Company's facilities will remain operational to ensure that businesses and communities continue to have access to essential services and materials produced by the Company.
- **The Company has employed Centers for Disease Control and Prevention transmission prevention protocols at all of its facilities.** Social distancing, staggered shifts, and increased general sanitation activities have been employed throughout the organization.
- **The Company is currently executing on business contingency plans, consistent with its emergency response protocols.**

FULL-YEAR 2020 OUTLOOK

- **Multi-year supply-offtake agreements support long-term demand for production.** At the Marrero refinery, 100% of marine fuel production is committed under a 10-year off-take agreement with a strategic partner. At the Heartland refinery, the Company has contracted the majority of its base oil production under extended term offtake agreements. Both base oil and marine production sold under these multi-year contracts are indexed to market prices.
 - **Long-term profitability is not directly tied to movements in crude oil prices.** Unlike a traditional fuel refiner that uses crude oil as its primary feedstock, Vertex processes used motor oil as its feedstock, a regulated waste stream as defined by the U.S. Environmental Protection Agency. In the current environment, Vertex is being paid by used motor oil generators to collect their used motor oil, creating a revenue opportunity for the Company, resulting in a negative lift cost for the feedstock in comparison to the lift cost for crude oil producers.
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- **Used Motor Oil (UMO) feedstock supply could be impacted in a prolonged COVID-19 outbreak scenario.** Recent virus-related declines in broader economic activity could temporarily impact the availability of used motor oil supplied as a feedstock to the Company's Marrero refinery, the Company's largest refining facility. Vertex is evaluating other sources of supply to support run rates at its refineries to mitigate the potential shortfall of supply. However, given short term insufficient supplies of UMO feedstock in the event of a prolonged softening in economic activity, the Company may consider reducing utilization rates at its refineries from current levels in the near term.
- **Withdrawing full-year 2020 Adjusted EBITDA guidance.** Given current market volatility resulting from the COVID-19 pandemic, the Company has chosen to withdraw all aspects of its outlook and assumptions for the full-year 2020. As the potential impact from COVID-19 is difficult to predict, the extent to which it may negatively affect our operating results is uncertain. Any impact will depend on future developments and new information that may emerge regarding the severity and duration of COVID-19 and the actions taken by authorities to contain it or treat its impact, all of which are beyond our control.

"While COVID-19 represents a clear and present headwind for our business, we have taken actions to mitigate virus-related risks to our organization, while positioning the business for growth, once conditions improve. The majority of our production is guaranteed for purchase under multi-year supply-offtake agreements at fair market values, creating a stable base of demand for our products. Given current market conditions, we see an opportunity for Vertex to differentiate itself as one of the leading producers of tomorrow's energy through the processing of alternative feedstocks, while producing equivalent or better finished products than those generated from conventional crude oil. In the interim, we remain focused on ensuring the continued safety and welfare of our employees and customers, while remaining operationally agile in what appears to be a very fluid environment," stated Benjamin P. Cowart, Chairman, President and CEO of Vertex.

ABOUT VERTEX ENERGY

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)(co-owned). 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.

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 and/or could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements which include, among others, the following: the continued spread of COVID-19, including the speed, depth, geographic reach and duration of the spread; actions taken by the Company in response to COVID-19; the legal, regulatory and administrative developments that occur at the federal, state and local levels in response to COVID-19, including quarantines and 'stay-at-home' orders affecting our operations; uncertainties of the impact of COVID-19 throughout our operations, including our ability to execute business operations, strategies, and initiatives in the expected time frame; and the demand for the Company's services and products, including based on downturns in the economy caused by COVID-19 and/or responses thereto. 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.

CONTACT

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