



Roth Conference 2020  
Investor Presentation  
March 15-17



# Forward Looking Statements

Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such statements. Such risks, uncertainties and factors include, but are not limited to: not completing, or not completely realizing the anticipated benefits from, the sale of our stake in AMAK (including the satisfaction of remaining closing conditions); general economic and financial conditions domestically and internationally; insufficient cash flows from operating activities; our ability to attract and retain key employees; feedstock, product and mineral prices; feedstock availability and our ability to access third party transportation; competition; industry cycles; natural disasters or other severe weather events, health epidemics and pandemics (including COVID-19) and terrorist attacks; our ability to consummate extraordinary transactions, including acquisitions and dispositions, and realize the financial and strategic goals of such transactions; technological developments and our ability to maintain, expand and upgrade our facilities; regulatory changes; environmental matters; lawsuits; outstanding debt and other financial and legal obligations; difficulties in obtaining additional financing on favorable conditions, or at all; local business risks in foreign countries, including civil unrest and military or political conflict, local regulatory and legal environments and foreign currency fluctuations; and other risks detailed in our latest Annual Report on Form 10-K, including but not limited to: "Part I, Item 1A. Risk Factors" and "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" therein, and in our other filings with the Securities and Exchange Commission (the "SEC"). There may be other factors of which we are currently unaware or deem immaterial that may cause our actual results to differ materially from the forward-looking statements. In addition, to the extent any inconsistency or conflict exists between the information included in this press release and the information included in our prior releases, reports and other filings with the SEC, the information contained in this press release updates and supersedes such information. Forward-looking statements are based on current plans, estimates, assumptions and projections, and, therefore, you should not place undue reliance on them. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update them in light of new information or future events.

# Non-GAAP Measures

This presentation includes the use of both U.S. generally accepted accounting principles ("GAAP") and non-GAAP financial measures. The Company believes certain financial measures, such as EBITDA from continuing operations and Adjusted EBITDA from continuing operations, which are non-GAAP measures, provide users of our financial statements with supplemental information that may be useful in evaluating our operating performance. The Company believes that such non-GAAP measures, when read in conjunction with our operating results presented under GAAP, can be used to better assess our performance from period to period and relative to performance of other companies in our industry, without regard to financing methods, historical cost basis or capital structure. These measures are not measures of financial performance or liquidity under GAAP and should be considered in addition to, and not as a substitute for, analysis of our results under GAAP.

These non-GAAP measures have been reconciled to the nearest GAAP measure in the tables below entitled Reconciliation of Selected GAAP Measures to Non-GAAP Measures.

EBITDA from continuing operations and Adjusted EBITDA from continuing operations: We define EBITDA from continuing operations as net income (loss) from continuing operations plus interest expense (benefit) including derivative gains and losses, income taxes, depreciation and amortization. We define Adjusted EBITDA from continuing operations as EBITDA from continuing operations plus share-based compensation, plus restructuring and severance expenses, plus losses on extinguishment of debt, plus or minus equity in AMAK's earnings and losses, plus impairment losses, plus or minus gains or losses on disposal of assets, and plus or minus gains or losses on acquisitions.

# Trecora Overview

## High Purity Light Hydrocarbon Manufacturing (SHR)

### Prime Products include

isopentane, normal pentane, isohexane and hexane

- Market leader (one of two producers in the U.S.)
- Used in the production of polyethylene, packaging, polypropylene, expandable polystyrene, poly-iso/urethane foams, crude oil from the Canadian tar sands, and in the catalyst support industry
- Growth driven by chemical industry investment and U.S. GDP

### Byproducts

- Aromatic compounds widely used to make other chemicals including dyes and plastic products
- Results from production of prime products
- Growth driven by higher reliability of new Advanced Reformer

## Specialty Synthetic Wax Manufacturing (TC)

### Specialty Waxes include

specialty polyethylene and poly alpha olefin waxes used in paints, inks, adhesives, coatings, and PVC lubricants and are used in applications such as toner in printers and hot melt adhesives

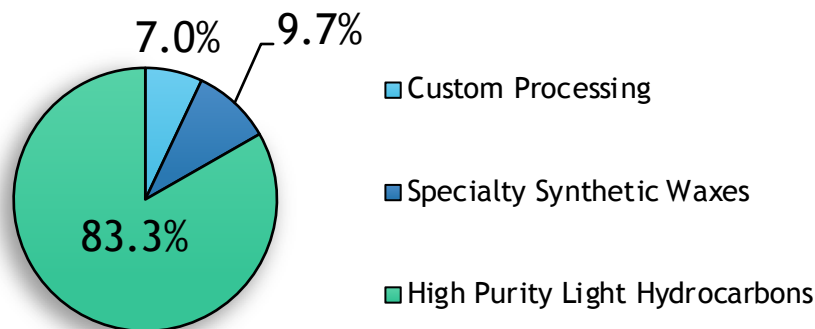
- Growth driven by our development of higher value waxes

## Custom Processing Services

**Custom Processing** services provide a range of specialized capabilities to chemical and industrial customers including synthesis, hydrogenation, distillation, forming and propoxylation in addition to a number of other chemical processes

- Growth driven by our investment in new capabilities and U.S. chemical industry investment

### Product, Manufacturing and Processing Ecosystem



(Chart represents Q4 percentages of total Q4 revenue)  
(2019 Revenue = \$258.9 MM)

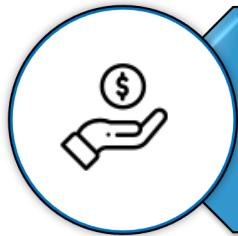
# 2019 Recap: Disciplined Financial Execution



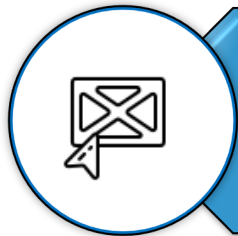
**FY EBITDA at High End of Range:  
(\$31M)  
50% Y-O-Y EBITDA Growth**



**30% Growth in Operating Cash Flow  
from Cont. Ops**



**AMAK SPA Signed (\$70MM Gross)**



**Debt Ratio 2.2x as of 12/31/19**

**...drives value and benefits shareholders**



# 2019 Recap: Disciplined Operational Execution



## Safe & Reliable Operations

- One minor injury across company in 2019; 5 injuries in 2018
- Advanced Reformer ran with high reliability allowing for the capture of improved by-product values in the market



## Enhanced Productivity

- \$2.5 million savings on Silsbee re-organization
- Savings related to rail storage and fleet reduction more than off-set freight rate inflation



## Commercial Excellence

- Renegotiated commercial contracts with more favorable pricing, price escalators and supply terms
- Aligned compensation program to directly align to profit improvement priorities
- Improved margins on C6 products after successful price increase

# Q4'19 and FY 2019 - Performance Summary

	Q4'19	Q3'19	Q2'19	Q1'19	Q4'18		FY'19	FY'18
Diluted EPS from continuing operations	\$(0.61)	\$0.06	\$0.10	\$0.07	\$(0.22)		\$(0.52)	\$(0.07)
Net Income (Loss) from continuing operations	\$(18.7)	\$1.6	\$2.4	\$1.7	\$(5.5)		\$(12.9)	\$(1.7)
Adjusted EBITDA from continuing operations <sup>(1)</sup>	\$6.4	\$6.9	\$9.2	\$8.4	\$(3.9)		\$31.0	\$20.2
Gross Margin	13.5%	15.3%	15.2%	15.5%	3.6%		14.9%	9.7%
Cap Ex	\$3.8	\$2.5	\$1.8	\$1.9	\$6.2		\$10.1	\$25.3
Debt	\$83.3	\$89.3	\$98.4	\$103.4	\$103.3		\$83.3	\$103.3

(1) See non-GAAP reconciliations included in the accompanying financial tables for the reconciliation of each non-GAAP measure to its more directly comparable GAAP measure.

## Financial Highlights

- FY 2019 50% Adjusted EBITDA from continuing operations growth
- Cash Flow from Operations of \$25.6 million for FY'19
- Debt at December 31 of \$83.3 million (reduced debt by \$19.2 million in 2019)
- Revolver availability of approximately \$50 million as of December 31
- Cash balance of \$6.1 million as of December 31

# Q4'19 - Business Segment Performance Summary

	Specialty Petrochemicals Sales Volumes (million gallons)				
	Q4'19	Q3'19	Q2'19	Q1'19	Q4'18
All Products	20.3	20.5	21.4	22.5	25.1
Prime Products	16.3	16.4	17.7	17.6	18.7
By-products	4.0	4.1	3.7	4.8	6.4
Deferred Sales	1.7	2.2	2.0	2.5	2.9

- By-product margin in Q4'19 of \$0.25 per gallon compared to \$0.36 per gallon in Q3'19

	Specialty Waxes				
	Q4'19	Q3'19	Q2'19	Q1'19	Q4'18
Wax Revenue (\$mm)	\$6.0	\$5.8	\$6.7	\$6.0	\$6.3
Wax Sales Volume (lbs)	7.9	8.6	10.0	7.9	8.1
Avg. Wax Sales Price	\$0.75	\$0.67	\$0.67	\$0.76	\$0.77
CP Revenue (\$mm)	\$2.9	\$2.4	\$2.5	\$2.3	\$2.4

- Q4'19 wax sales volume declined 8.8% compared to Q3'19
- Q4'19 custom processing (CP) revenues increased 21% from Q3'19



# Disciplined Execution Leads to Focused Growth

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Drove value creation throughout 2019 through execution of operational and financial commitments



Applying this execution discipline to new growth initiative



New growth initiative: identify diversified set of opportunities, prioritize highest value, apply adequate resourcing, and deliver value growth



Portfolio of growth initiatives: near- and longer-term opportunities that balance execution risk and capital requirements

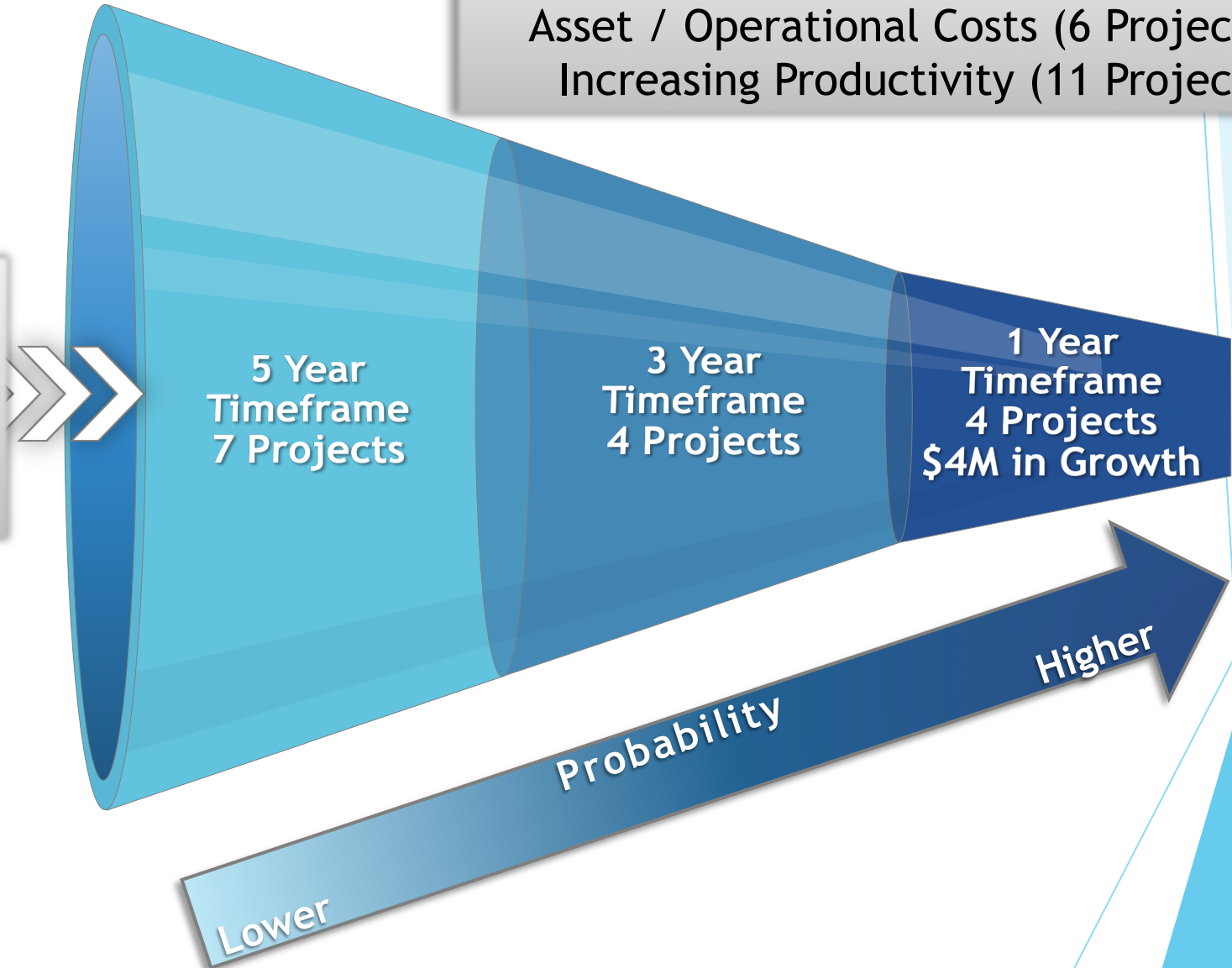


Current portfolio expected to provide value  
>\$4 million over the next year and >\$15 million over 3 to 5 years

# Growth Execution Funnel

Current Opportunity Portfolio: SHR & TC  
New Markets / Products (8 Projects)  
Asset / Operational Costs (6 Projects)  
Increasing Productivity (11 Projects)

Diversified  
and broad  
portfolio  
of 25  
projects



# Project Example - Odyssey

## Supply Chain Optimization

- Multi-year managed logistics service agreement with global logistics solutions provider, *Odyssey Logistics & Technology Corporation (ODY)*
- ODY provides benchmarking data on Trecora's operations, distribution network, infrastructure and key metrics (total spend, vendor costs and productivity performance)
- TREC to seamlessly integrate Odyssey's technologies into its logistics infrastructure w/o disruptions to service and at a lower cost:

Railcar  
Fleet

Railcar  
Storage

3<sup>rd</sup> Party  
Trucking

Iso  
Shipment

Auditing

2020 savings anticipated to be \$2.0M

# Trecora Investment Summary

2019: Continuous improvement  
through disciplined execution



2020: Drive further value and  
growth

50% Adj. EBITDA Growth  
High End of Guidance Range (\$31M)

→ Debt Ratio 2.2x (12/31/19)

30% Operating Cash Flow Growth

Safe and Reliable Operations;  
Enhanced Productivity;  
Commercial Excellence

AMAK SPA Signed  
(\$70M Gross)

Financial Flexibility:  
Further Debt Reduction

Launch and Execution of  
Disciplined New Growth Initiative

Identify Opportunities;  
Prioritize Highest Value Projects;  
Adequately Resource

Diversified Opportunity Portfolio  
with \$15M in Growth Potential

New Markets/Products (8 Projects)  
Asset/Operational Costs (6 Projects)  
Increasing Productivity (11 Projects)

**For more information,  
please visit our website:**

**<http://www.trecora.com>**

**Appendix Below**

# Reconciliation Of Selected GAAP Measures To Non-GAAP Measures

	Three months ended				Three months ended			
	12/31/2019				12/31/18			
	SPEC. PETRO	SPEC. WAX	CORP	TREC	SPEC. PETRO	SPEC. WAX	CORP	TREC
NET INCOME (LOSS)	\$ 8,490	\$ (25,541)	\$ (2,659)	\$ (19,710)	\$ (2,435)	\$ (1,734)	\$ (1,120)	\$ (5,290)
Loss from discontinued operations, net of tax	-	-	(970)	(970)	-	-	(73)	(73)
Income (Loss) from continuing operations	\$ 8,490	\$ (25,541)	\$ (1,689)	\$ (18,740)	\$ (2,435)	\$ (1,734)	\$ (1,047)	\$ (5,217)
Interest	928	100	-	1,028	1,215	267	0	1,483
Taxes	(4,589)	-	(389)	(4,978)	351	-	(1,852)	(1,501)
Depreciation and amortization	179	24	6	209	107	24	18	148
Depreciation and amortization in cost of sales	2,478	1,274	-	3,752	2,805	1,333	-	4,138
EBITDA	7,486	(24,143)	(2,072)	(18,729)	2,043	(111)	(2,881)	(949)
Share based compensation	-	-	346	346	-	-	420	420
Loss on disposal of assets	535	145	-	680	-	-	-	-
Impairment of goodwill and certain intangibles	-	24,152	-	24,152	-	-	-	-
Adjusted EBITDA from continuing operations	\$ 8,021	\$ 154	\$ (1,726)	\$ 6,449	\$ 2,043	\$ (111)	\$ (113)	\$ 1,819
Revenue	52,843	8,875	-	61,718	65,816	8,635	218	74,669
	Twelve months ended				Twelve months ended			
	12/31/2019				12/31/18			
	SPEC. PETRO	SPEC. WAX	CORP	TREC	SPEC. PETRO	SPEC. WAX	CORP	TREC
NET INCOME (LOSS)	\$ 25,576	\$ (31,164)	\$ (9,386)	\$ (14,974)	\$ 7,967	\$ (4,660)	\$ (5,638)	\$ (2,332)
Loss from discontinued operations, net of tax	-	-	(2,090)	(2,090)	-	-	(604)	(604)
Income (Loss) from continuing operations	\$ 25,576	\$ (31,164)	\$ (7,296)	\$ (12,884)	\$ 7,967	\$ (4,660)	\$ (5,034)	\$ (1,728)
Interest	4,071	1,067	1	5,139	3,107	1,069	(77)	4,100
Taxes	(1,583)	-	(1,983)	(3,566)	2,738	-	(3,385)	(646)
Depreciation and amortization	691	96	51	838	599	92	50	740
Depreciation and amortization in cost of sales	9,865	5,497	1	15,363	8,333	5,285	-	13,618
EBITDA	38,620	(24,504)	(9,226)	4,890	22,744	1,785	(8,446)	16,083
Share based compensation	-	-	1,319	1,319	-	-	1,422	1,422
Restructuring & Severance Expenses	-	-	-	-	-	-	2,347	2,347
Loss on extinguishment of debt	-	-	-	-	-	-	315	315
Loss on disposal of assets	535	145	-	680	-	-	-	-
Impairment of goodwill and certain intangibles	-	24,152	-	24,152	-	-	-	-
Adjusted EBITDA from continuing operations	\$ 39,155	\$ (207)	\$ (7,907)	\$ 31,041	\$ 22,744	\$ 1,785	\$ (4,361)	\$ 20,168
Revenue	224,311	34,648	-	258,959	249,679	38,253	-	287,932