



G. research 12th Annual Specialty Chemicals Virtual Conference



March 11, 2021

NYSE: TREC | www.trecora.com

Forward Looking Statements

Forward-looking statements involve known and unknown risks, uncertainties, assumptions, and other important factors that could cause the actual results, performance or our achievements, or industry results, to differ materially from historical results, any future results, or performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and factors include, but are not limited to the impacts of the COVID-19 pandemic on our business, financial results and financial condition and that of our customers, suppliers, and other counterparties; 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 the COVID-19 pandemic) 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 (including having to return the amounts borrowed under the Paycheck Protection Program or failing to qualify for forgiveness of such loans, in whole or in part); 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 SEC. Many of these risks and uncertainties are currently amplified by and will continue to be amplified by, or in the future may be amplified by, the COVID-19 pandemic and other natural disasters such as severe weather events.

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 earnings release and the information included in our prior releases, reports and other filings with the SEC, the information contained in this earnings 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 non-GAAP financial measures of EBITDA from continuing operations and Adjusted EBITDA from continuing operations and provide reconciliations from our most directly comparable GAAP financial measure to those measures. We believe these financial measures provide users of our financial statements with supplemental information that may be useful in evaluating our operating performance. We also believe 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.

We define EBITDA from continuing operations as net income (loss) from continuing operations plus interest expense, income tax expense (benefit), 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 impairment losses and plus or minus gains or losses on disposal of assets. These non-GAAP measures have been reconciled to the nearest GAAP measure for historical periods in the tables below entitled “Reconciliation of Selected GAAP Measures to Non-GAAP Measures. However, the Company is unable to reconcile its expectations regarding Adjusted EBITDA growth in 2021 to the most directly comparable GAAP measures without unreasonable efforts because the Company is currently unable to predict with a reasonable degree of certainty the type and extent of certain items that would be expected to impact GAAP measures for these periods but would not impact the non-GAAP measures.

Trecora Resources Overview

Specialty Petrochemicals (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

By-products

- 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 Waxes (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

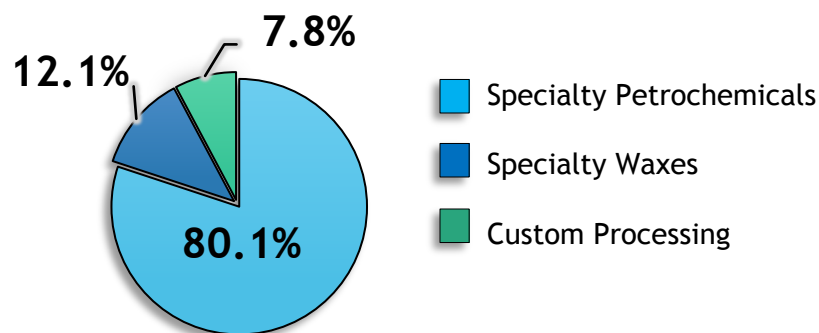
- Growth driven by our development of higher value waxes

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 Revenue Contribution (FY 2020)



Recent Highlights



Successful completion of AMAK sale resulting in net cash proceeds of \$61 million



Net income of \$31.2 million;
Adjusted EBITDA from cont. ops of \$21.6 million



Total consolidated cash: \$55.7MM at end of December



Paydown of \$37.4MM of debt;
Bank debt target leverage of 1.5x - 2.0x achieved



Growth initiatives: +\$4.5MM of EBITDA in 2020



Launching \$20 million share repurchase program

Net Debt and Cash Summary

Strong Balance Sheet

\$ millions	December 30, 2020	December 30, 2019
Total Bank Debt	\$46.1	\$83.3
PPP Loans	\$6.1	\$-
Total Debt	\$52.2	\$83.3
Cash on Balance Sheet	\$55.7	\$6.1
Total Debt Net of Cash	\$(3.5)	\$77.2

Ample Liquidity

\$ millions	Pro Forma	Note
Cash Balance	\$55.7	As of December 30, 2020
Tax Refunds (CARES Act)	\$2.4	Pending payment from IRS
Pro Forma Cash Balance	\$58.1	
Total Pro Forma Net Debt	\$(5.9)	

Recent Trecora Inc. Performance Summary

	Q4'20	Q3'20	Q2'20	Q1'20	Q4'19	FY'20	FY'19
Diluted EPS from continuing operations	(\$0.01)	\$0.04	\$(0.07)	\$0.23	\$(0.61)	\$0.20	(\$0.52)
Net Income (Loss) from continuing operations	(\$0.1)	\$1.1	\$(1.9)	\$5.9	\$(18.7)	\$5.0	(\$12.9)
Adjusted EBITDA from continuing operations ⁽¹⁾	\$4.8	\$7.1	\$4.2	\$5.5	\$6.4	\$21.6	\$31.0
Gross Margin	10.3%	17.7%	15.2%	13.0%	13.5%	13.7%	14.9%
Cap Ex	\$3.1	\$2.7	\$5.7	\$1.9	\$3.8	\$13.4	\$10.1
Total Bank Debt	\$46.1	\$47.1	\$78.2	\$102.2	\$83.3	\$46.1	\$83.3

(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.

- Paydown of \$37.4 million of debt in 2020
- Cash Flow from Continuing Operations of \$29.6 million in 2020
- Capital Expenditures of \$13.4 million in 2020

Recent Business Segment Performance Summary

	Specialty Petrochemicals Sales Volume (million gallons)				
	Q4'20	Q3'20	Q2'20	Q1'20	Q4'19
All Products	22.1	17.9	15.3	19.7	20.3
Prime Products	17.6	14.7	13.1	16.2	16.3
By-products	4.5	3.1	2.3	3.5	4.0

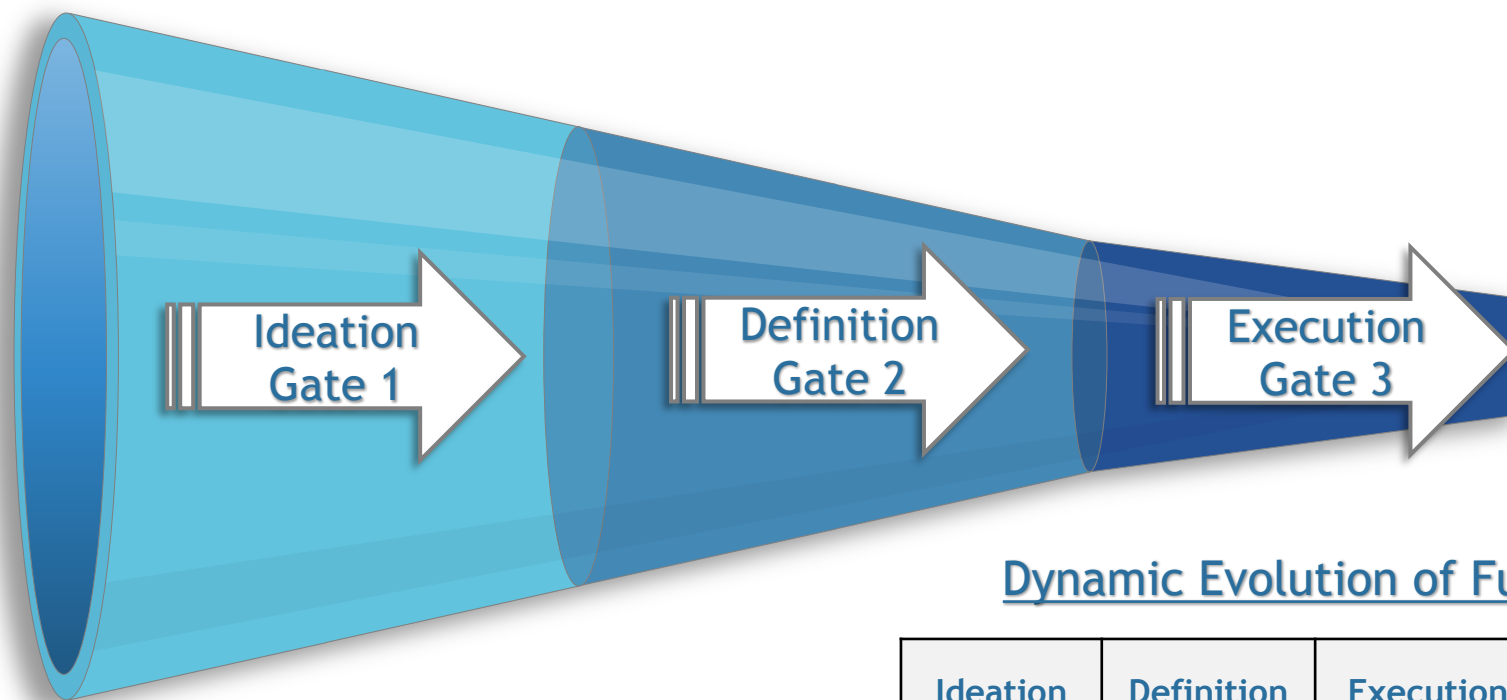
- Q4 prime product demand increased from weakened levels in Q2 and Q3
- Sales growth driven by solid demand in the polyethylene and expandable polystyrene markets

	Specialty Waxes				
	Q4'20	Q3'20	Q2'20	Q1'20	Q4'19
Wax Revenue (\$mm)	\$7.1	\$6.0	\$5.5	\$6.8	\$6.0
Wax Sales Volume (mm lbs)	\$9.0	8.8	8.4	10.2	7.9
Avg. Wax Sales Price (\$/lb)	\$0.78	\$0.68	\$0.65	\$0.66	\$0.75
Custom Processing Revenue (\$mm)	\$2.0	\$2.5	\$2.8	\$3.6	\$2.9

- Higher average wax sales price in Q4'20, reflects an improved product mix as we sold more of our higher value waxes relative to total wax sales

Organic Growth Execution Funnel

- Growth portfolio of 35 projects
- \$4.5MM of EBITDA contribution in 2020



Dynamic Evolution of Funnel

Current Project Categories

- New Markets/Products: 14
- Asset Utilization: 17
- Increasing Productivity: 4

	Ideation	Definition	Execution	Total # of Projects
Q4'20 # of Projects	12	9	14	35
Q3'20 # of Projects	16	6	11	33
Q2'20 # of Projects	14	8	4	26

Investment Summary



Solvents business is a highly-valued franchise with differentiated market position and profitability



Dramatic deleveraging (2.2x end of 2019 to 1.65X end of 2020) and enhanced financial flexibility for growth, through milestone divestiture of non-core AMAK interest



Well-defined, disciplined and sustainable organic growth program requiring little capital



Recently authorized \$20 million share repurchase program reflects our commitment to maximize stockholder value through the continued prudent allocation of our capital

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

<http://www.trecora.com>