TRECORA Resources

Your Specialty Chemical Partner

19th Annual B. Riley FBR

INSTITUTIONAL INVESTOR CONFERENCE

May 24, 2018
Santa Monica, CA

TREC NYSE EURONEXT

Safe Harbor

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Why Invest in Trecora?

- Strong Base Business
- Recent Capital Projects
- Leading Positions in Key Markets
- EBITDA Expected To Double By 2022
- AMAK Monetization Opportunity
- Focused Management Team

Focus on Operational Excellence to Drive Performance

Investment Appeal

Trecora Resources (NYSE: TREC) is a leading provider of high-purity light hydrocarbons, specialty waxes and custom processing services

1 Strong base business with limited competition and opportunity to grow

- ***South Hampton Resources***: Leading manufacturer of high-purity pentanes
- ***Trecora Chemical***: Manufacturer of polyethylene wax and wax derivatives
- Well positioned to benefit from the resurgence of the US chemical industry
- Experiencing strong demand for custom processing
- Focus on improving operations and organizational effectiveness to drive performance

2 Recent capital projects will increase capacity and are expected to approximately double 2017 Adjusted EBITDA of $32 million by 2022

- ***South Hampton Resources***
    - D Train completed – ramping volume to generate $6-$8M in incremental EBITDA between 2018 and 2022
    - Advanced Reformer – estimated completion in 3Q18 with $12-$14M in incremental EBITDA by 2022
- ***Trecora Chemical***
    - B Plant – expected to add $4-$6M to EBITDA by end of 2018
    - Hydrogenation/Distillation – expected to add $6-$8 million in EBITDA

3 Al-Masane Al Kobara Mining Company (AMAK) monetization opportunity

- Planned divestiture of 33.4% interest in legacy mining operations

Company Evolution

Transformation from an origin in mining …
to a leading provider of specialty petrochemicals

1967 — **Company incorporated as Arabian Shield Development Company**

1987 — **Acquired Sinclair Oil Refinery – now operating as SHR**

2014 — **Acquired TC & changed name to Trecora Resources**

2015 - 2018 — **Company executes $100 million in capital projects**

- 2015 – D Train complete
- 2016 – B Plant Acquired
- 2017 – Hydrogenation/ Distillation unit complete
- 3Q18 – Advanced reformer to be completed

2018 - 2022 — ***Well positioned for future growth***

- Estimated incremental EBITDA from capital projects of $28 to $36 million by 2022
- Potential monetization of AMAK ownership

2018 Key Initiatives

South Hampton Resources

Leading Manufacturer of High-Purity Pentanes

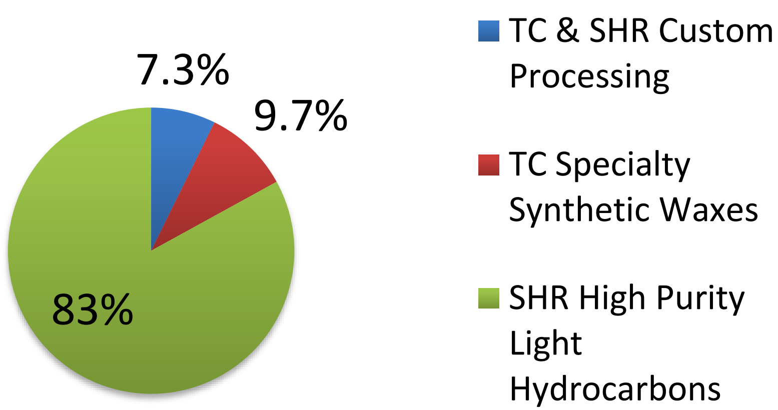
TRECORA Chemical

Manufacturer of Polyethylene Wax and Wax Derivatives

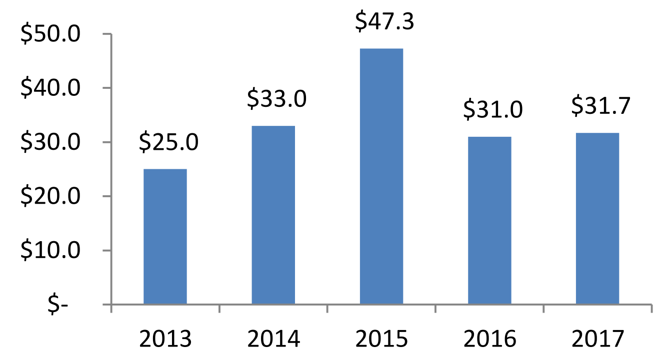
- Start-up of Advanced Reformer unit expected in 3Q18
- Custom processing growth at TC
  - Solid production increase in 1Q18
- B Plant and D Train ramping volumes
- AMAK contributed positive equity in earnings in 1Q18 for a second consecutive quarter
- Organizational changes announced in 1Q18 designed to focus on operational excellence

Financial Summary

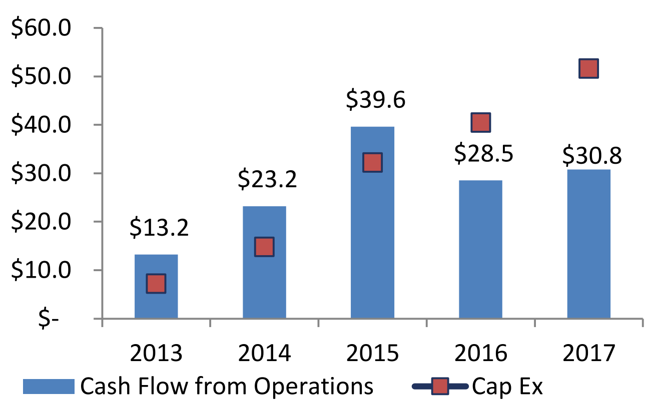
2017 Total Revenues $245.2 Million



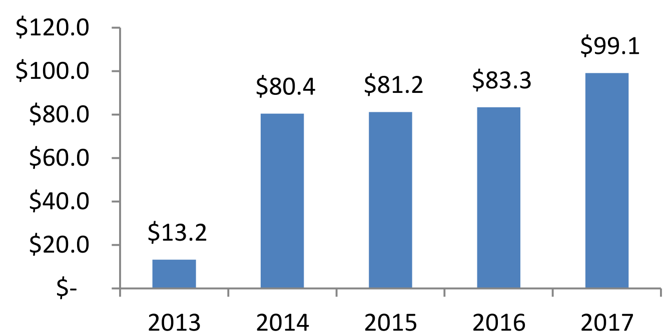
Adjusted EBITDA ($mm)



Cash Flow from Operations and Capex ($mm)



Total Debt ($mm)



South Hampton Resources

Specialty Petrochemical Segment

- **Leading manufacturer of high-purity light hydrocarbons**
  - First quarter 2018 prime product volume increased 27.1% from first quarter 2017
  - Blue Chip customer base
- **Market leader with approximately 60% market share and only 1 competitor in high-purity pentanes**
- **Easy access to major transportation networks**

SHR: Blue Chip Customers

Imperial
Firestone
Chevron
ExxonMobil
BAKER HUGHES

TOTAL
DART
lyondellbasell
BASF The Chemical Company
DU PONT

AkzoNobel Tomorrow's Answers Today
MAX
PACTIV Foodservice / Food Packaging

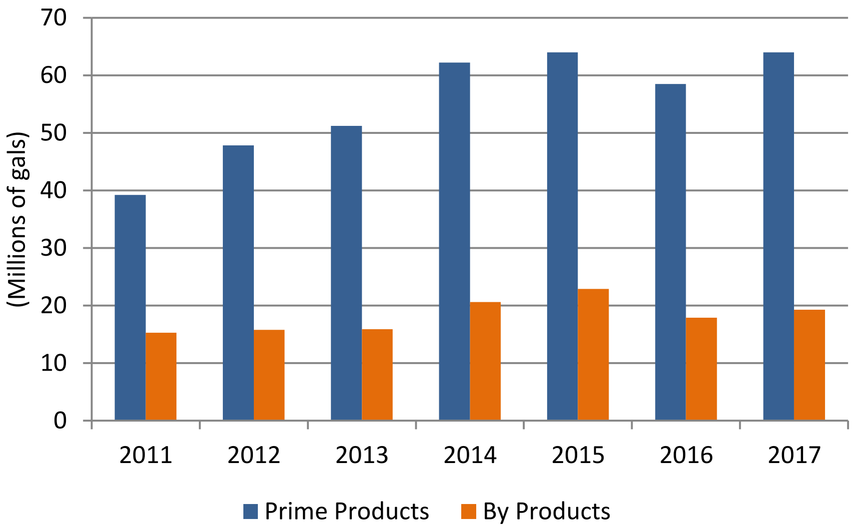
3M
LANXESS Energizing Chemistry
DOW
gevo
Chevron Phillips Chemical Company LLC

سابك sabic
NOVA Chemicals
GOODYEAR
ALBEMARLE
StyroChem

SHR: Growth Drivers

- **New polyethylene plants in North America**
  - Adding 8.0 million metric tons/year of manufacturing capacity by 2020
  - 40% increase over current capacity
  - Cost advantage driving polyethylene exports
- **Second Canadian oil sands customer up and running; expect volumes second half of 2018**
- **Global growth (including Asia)**
- **New product volumes increasing**
- **Major capital projects complete**
  - D Train: Three production trains provide significantly more flexibility and reliability
  - Capacity allows for new product development

Total Product Sold



- **2017 EBITDA of $36.7 million up 15.1% year-over-year; 1Q18 EBITDA of $8.4 million up 4.4% from 1Q17**

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SHR: Advanced Reformer Update

Catalyst to EBITDA Growth

March 2, 2018

April 30, 2018

- At $58 million, our largest capital project designed to produce a significantly higher value-added byproduct stream

- At current prices, upgraded byproduct increases value by approximately 40 cents per gallon
  - Commissioning expected by third quarter 2018
  - Repairs after February 14, 2018 fire on schedule
  - Insurance claims process is proceeding well

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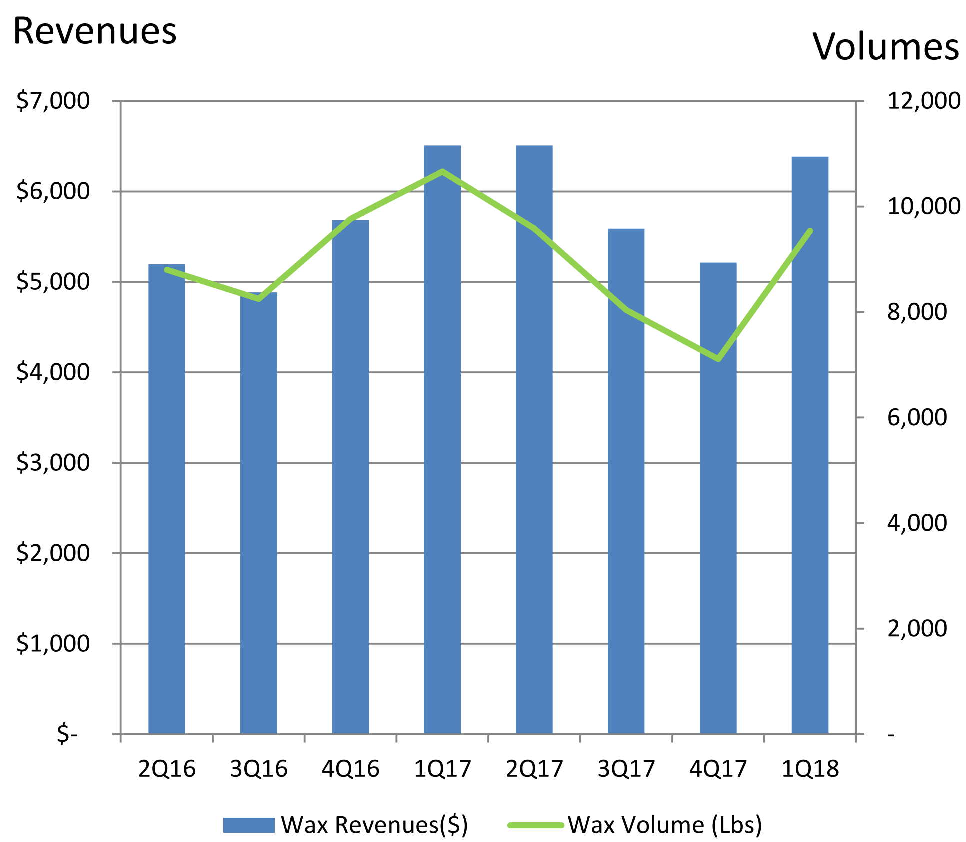
Trecora Chemical
Specialty Waxes Segment

- **Manufactures polyethylene wax and wax derivatives**
  - 2017 Revenues: $34.8 million; 1Q18 Revenues: $6.4 million
- **Wax Markets**
  - Hot Melt Adhesives & PVC Lubricants
  - Volumes in these markets in 1Q18 up 34% from 4Q17
- **Strong feedstock supply network**
- **Organizational changes implemented in 1Q18; catalyst for driving operational excellence**
  - 1Q18 shows improvement in B-plant and Hydrogen unit throughputs

Wax Volume and Revenue Overview



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TC: Hydrogenation/Distillation Project Completed

Catalyst to EBITDA Growth

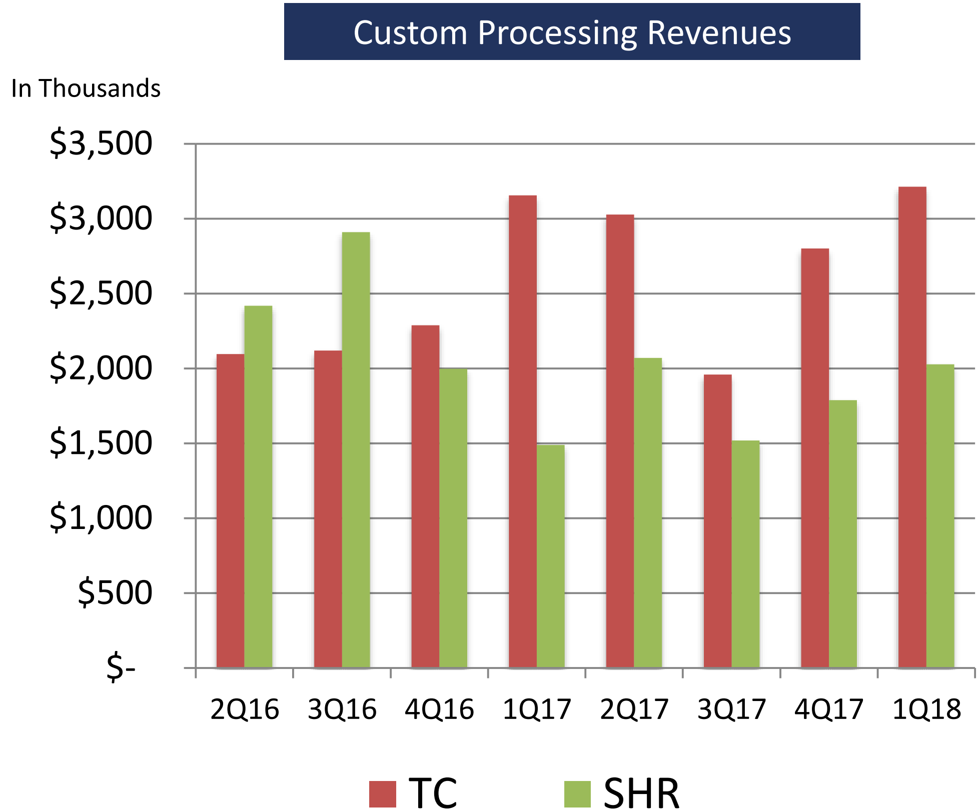
- $25 million investment
- Expect additional $6-$8 M/year in EBITDA run date by end of 2018

➢ **Hydrogenation/Distillation Unit**

- Leverage existing relationships with petrochemical customers and generate new custom processing business
- Hydrogenation/Distillation Unit generated revenue of $300K in 1Q18 as production ramps

Custom Processing Overview

- **Convert feedstock into value-added products based upon customer specifications**
  - Customers supply and maintain title to feedstock
- **Contractual take or pay agreements with high operating margins**
  - Significant operating leverage above break-even
- **Adding process capabilities that are in short supply in the region**
  - Will benefit from the resurgence in U.S. Chemicals



Significant Capital Projects Nearly Complete

South Hampton

Completed: Sept 2015
D Train
Add: $6-8M as vol. ramps up
2018 - 2022
Capex: $30M

Estimated: 3Q18
Advanced Reformer
Add: $12-14M
2018 - 2022
Capex: $58M

Trecora Chemical

Completed: June 2016
B Plant
Add: $4-6M
2018
Capex: $2M

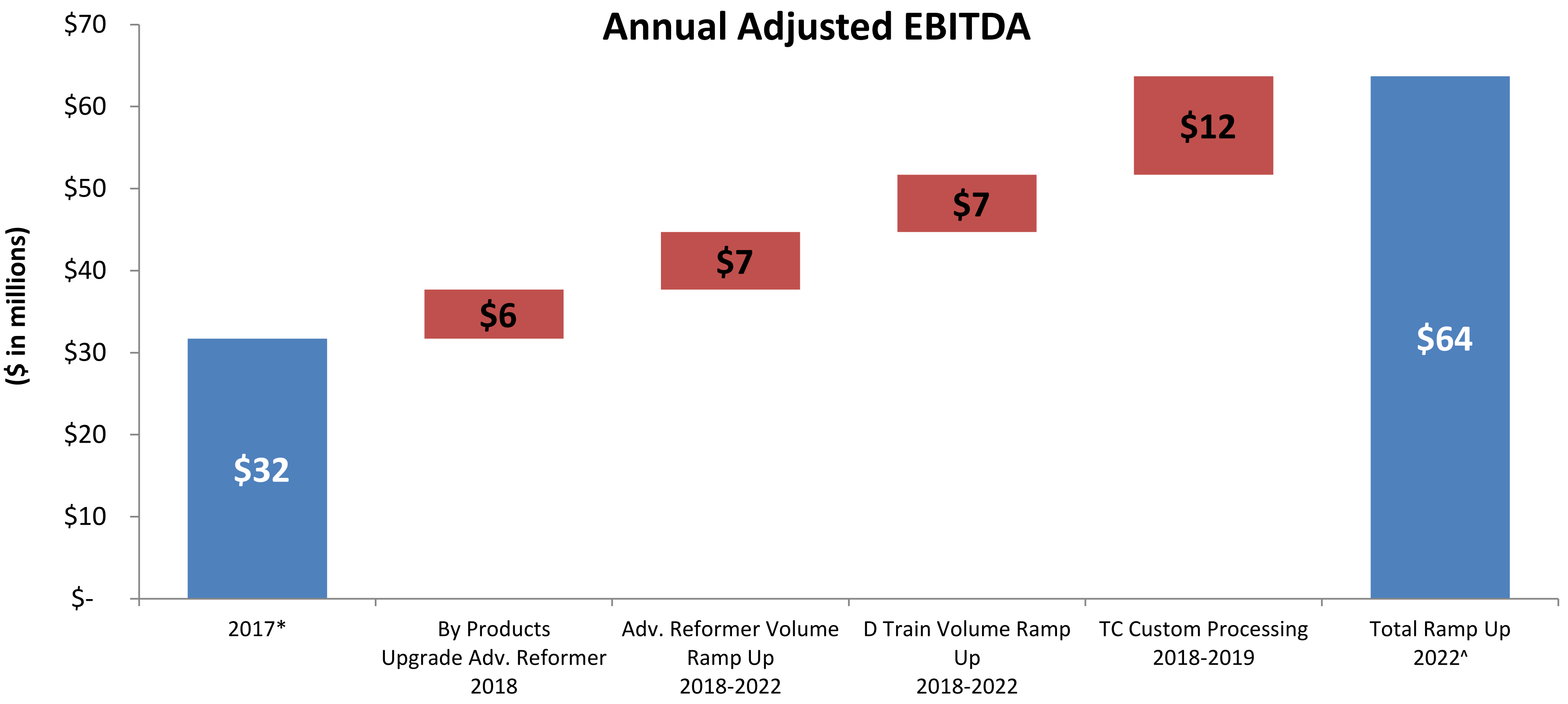
Completed: 2Q17
Hydrogenation/ Distillation
Add: $6-8M
2018 - 2019
Capex: $25M

Total Potential Incremental Annual EBITDA Estimate:

$28 million - $36 million by 2022

- Capital projects funded from operating cash flow and revolver borrowings
- Total liquidity of $13M (3/31/18)

EBITDA Projection From Recent Capital Projects



*- Denotes Adjusted EBITDA for 2017

^- Denotes Projected EBITDA for 2022

AMAK Mine Update

Operations

- 10,000 dmt sold in 1Q18 (vs. 20,000 dmt during 4Q17 – sequential decline due to timing of stockpile delivery to market)
    - Equally split between copper concentrate and zinc concentrate
- Concentrate quality, throughput rates and recoveries continued steady progress
- Equity in earnings of $0.2 million in 1Q18

Exploration

- Drilling continues in Guyan and surrounding areas with a similar geological profile
- Guyan gold project developing as scheduled
    - Procurement and Construction Starts 3Q18
    - Commission Guyan Gold Project in 1H19
- Drilling continues for Al Masane copper and zinc
- Reserves update in the 10-K. 8 years for Life of Mine, with expectation to extend significantly by year-end

Investment Summary

- **Opportunity to double 2017 Adjusted EBITDA by 2022 by leveraging recent capital projects**
- **Strong core specialty chemical company addressing expanding profitable market opportunities**
  - **Investing in higher margin businesses**
  - **Internationally competitive in high-growth developed and emerging markets**
    - Footprint in Canada, Middle East and Asia, and expanding into additional markets
- **Organizationally aligned to transition culture into one of operational excellence to drive growth and EBITDA contribution**
  - **Hydrogenation revenue beginning to ramp**
- **AMAK monetization opportunity**
  - **Objective is financial exit which could generate significant cash**
  - **Equity earnings contribution in 1Q18 for the second consecutive quarter**

Thank You

Please visit our websites:

www.trecora.com

www.southhamptonr.com

www.TrecChem.com

www.amak.com.sa

TREC 1Q 2018 Income Statement

	THREE MONTHS ENDED MARCH 31, 2018	2017
	(thousands of dollars)	
REVENUES		
Petrochemical and Product Sales	$ 66,699	$ 50,899
Processing Fees	5,042	4,643
	71,741	55,542
OPERATING COSTS AND EXPENSES		
Cost of Sales and Processing (including depreciation and amortization of $2,830 and $2,383, respectively)	61,601	44,924
GROSS PROFIT	10,140	10,618
GENERAL AND ADMINISTRATIVE EXPENSES		
General and Administrative	6,335	6,221
Depreciation	196	205
	6,531	6,426
OPERATING INCOME	3,609	4,192
OTHER INCOME (EXPENSE)		
Interest Income	7	2
Interest Expense	(878)	(636)
Equity in Earnings (Losses) of AMAK	230	(966)
Miscellaneous Expense	(26)	(44)
	(667)	(1,644)
INCOME BEFORE INCOME TAXES	2,942	2,548
INCOME TAXES	590	1,061
NET INCOME	2,352	1,487
NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST	--	--
NET INCOME ATTRIBUTABLE TO TRECORA RESOURCES	$ 2,352	$ 1,487
Basic Earnings per Common Share		
Net Income Attributable to Trecora Resources (dollars)	$ 0.10	$ 0.06
Basic Weighted Average Number of Common Shares Outstanding	24,343	24,240
Diluted Earnings per Common Share		
Net Income Attributable to Trecora Resources (dollars)	$ 0.09	$ 0.06
Diluted Weighted Average Number of Common Shares Outstanding	25,231	25,054

TREC Adjusted EBITDA Calculation

(In Thousands)	Three months ended					Twelve months ended	
	3/31/2018	12/31/2017	9/30/2017	6/30/2017	3/31/2017	12/31/2017	12/31/2016
NET INCOME (LOSS)	$ 2,352	$ 13,972	$ 1,718	$ 832	$ 1,487	$ 18,009	$ 19,428
Interest	878	822	795	678	636	2,931	1,985
Taxes	590	(9,129)	577	332	1,061	(7,159)	10,504
Depreciation and amortization	196	217	246	205	204	872	761
Depreciation and amortization in cost of sales	2,829	2,778	2,564	2,363	2,384	10,089	9,016
EBITDA	6,846	8,660	5,900	4,410	5,772	24,742	41,694
Share based compensation	592	702	716	656	633	2,707	2,552
Bargain purchase gain	-	-	-	-	-	-	(11,549)
Gain from additional equity issuance by AMAK	-	-	-	-	-	-	(3,168)
Equity in losses of AMAK	(230)	(900)	897	3,298	966	4,261	1,479
Adjusted EBITDA	$ 7,208	$ 8,462	$ 7,513	$ 8,364	$ 7,371	$ 31,710	$ 31,008
Revenue	71,741	65,978	61,508	62,115	55,542	245,143	212,399
Adjusted EBITDA Margin (adjusted EBITDA/revenue)	10.0%	12.8%	12.2%	13.5%	13.3%	12.9%	14.6%

TREC Balance Sheet as of 1Q 2018

	MARCH 31, 2018 (unaudited)	DECEMBER 31, 2017
ASSETS	*(thousands of dollars)*	
Current Assets		
Cash	$2,568	$3,028
Trade receivables, net	27,421	25,779
Insurance receivable	742	--
Inventories	15,691	18,450
Prepaid expenses and other assets	5,131	4,424
Taxes receivable	5,481	5,584
Total current assets	57,034	57,265
Plant, pipeline and equipment, net	190,139	181,742
Goodwill	21,798	21,798
Intangible assets, net	20,343	20,808
Investment in AMAK	45,224	45,125
Mineral properties in the United States	588	588
TOTAL ASSETS	$335,126	$327,326

	MARCH 31, 2018 (unaudited)	DECEMBER 31, 2017
LIABILITIES	*(thousands of dollars)*	
Current Liabilities		
Accounts payable	$14,888	$18,347
Accrued liabilities	4,229	3,961
Current portion of post-retirement benefit	302	305
Current portion of long-term debt	8,061	8,061
Current portion of other liabilities	889	870
Total current liabilities	28,369	31,544
Long-term debt, net of current portion	99,031	91,021
Post-retirement benefit, net of current portion	897	897
Other liabilities, net of current portion	1,374	1,611
Deferred income taxes	17,670	17,242
Total liabilities	147,341	142,315
EQUITY		
Common stock -authorized 40 million shares of $.10 par value; issued 24.5 million in 2018 and 2017 and outstanding 24.3 million shares in 2018 and 2017	2,451	2,451
Additional paid-in capital	56,422	56,012
Common stock in treasury, at cost	-184	-196
Retained earnings	128,807	126,455
Total Trecora Resources Stockholders' Equity	187,496	184,722
Noncontrolling Interest	289	289
Total equity	187,785	185,011
TOTAL LIABILITIES AND EQUITY	$335,126	$327,326

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