



Your Specialty Chemical Partner

Gabelli & Company's 9th Annual Specialty Chemicals Conference

March 13, 2018



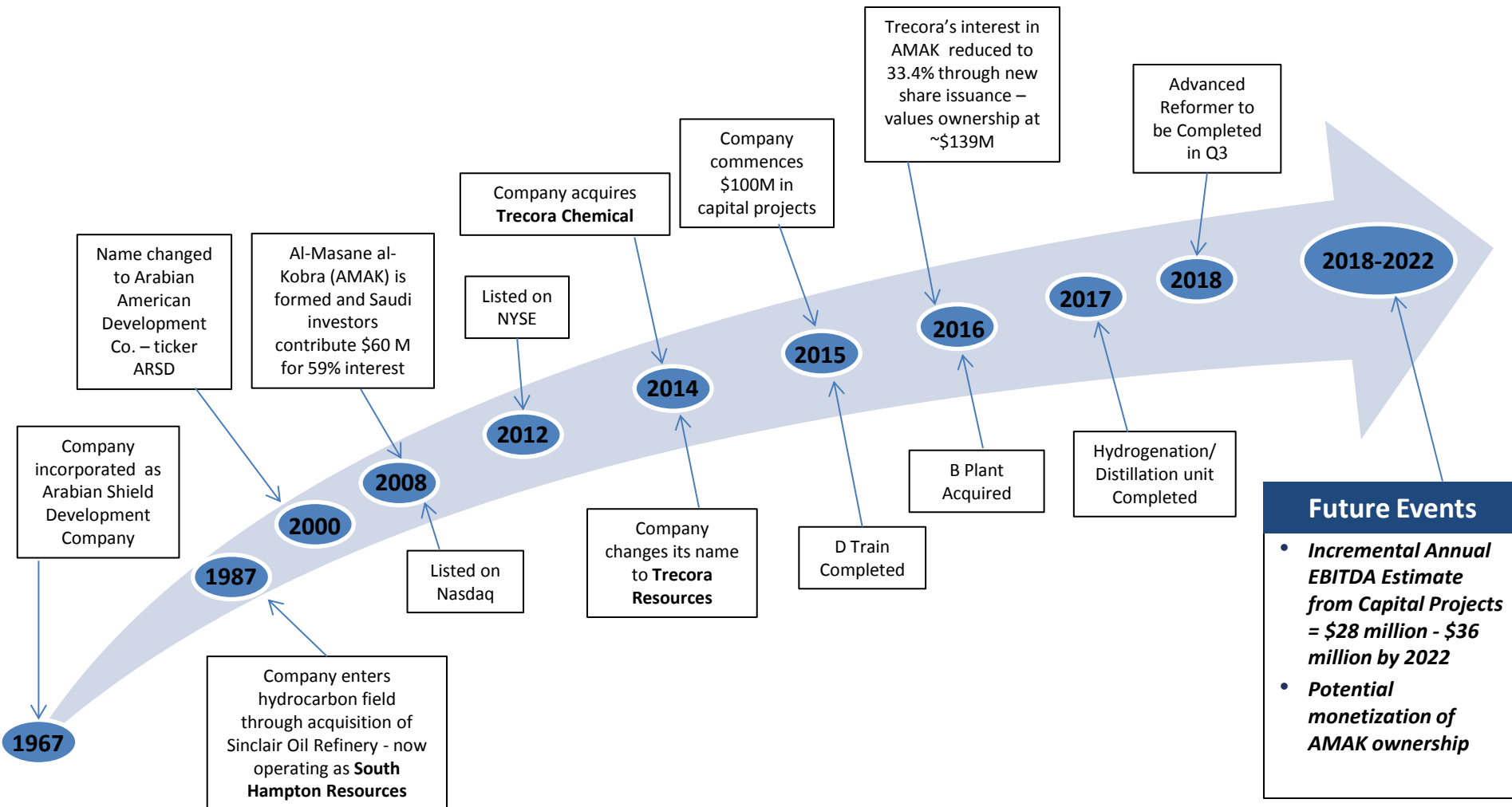
Safe Harbor

Statements in this presentation that are not historical facts are forward looking statements as defined in the Private Securities Litigation Reform Act of 1995. Forward looking statements are based upon Management's belief, as well as, assumptions made by and information currently available to Management. Because such statements are based upon expectations as to future economic performance and are not statements of fact, actual results may differ from those projected. These risks, as well as others, are discussed in greater detail in Trecora Resources' filings with the Securities and Exchange Commission, including Trecora Resources' Annual Report on Form 10-K for the year ended December 31, 2017, and the Company's subsequent Quarterly Reports on Form 10-Q. All forward-looking statements included in this presentation are based upon information available to the Company as of the date of this presentation. The Company undertakes no obligation to publicly update or revise any forward-looking statements after the date they are made, whether as a result of new information, future events or otherwise.

Investment Appeal

- **Trecora Resources (NYSE: TREC) is a leading provider of high-purity light hydrocarbons, specialty waxes and custom processing services**
- **Capital projects expected to add \$28 - \$36 million of incremental annual EBITDA 2018-2022**
- **Investment in capital projects to increase capacity and profitability taking advantage of the resurgence of US chemical industry**
- **Well positioned to benefit from strong demand for custom processing services**
- **Proven management team, with an average of >25 years of industry experience, executing on core strategy**

Company History



Business Overview



Leading manufacturer
of high-purity pentanes



Manufacturer of polyethylene
wax and wax derivatives

Both with custom processing capabilities

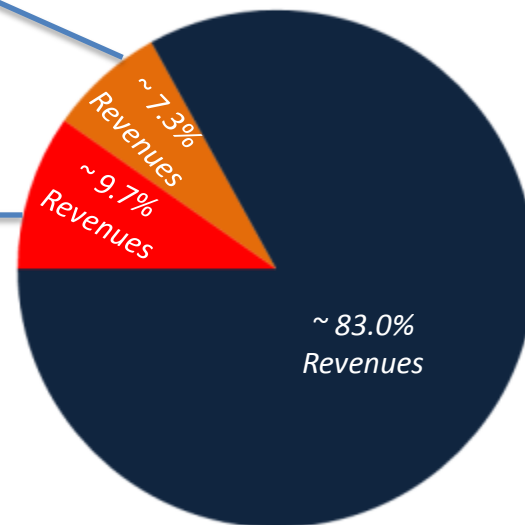
SHR/TC
Custom
Processing

Silsbee, TX
Pasadena, TX

TC
Specialty Synthetic
Waxes
C₂

Pasadena, TX

2017 Total Revenues \$245.2
Million



SHR
High-Purity
Light
Hydrocarbons
C₅

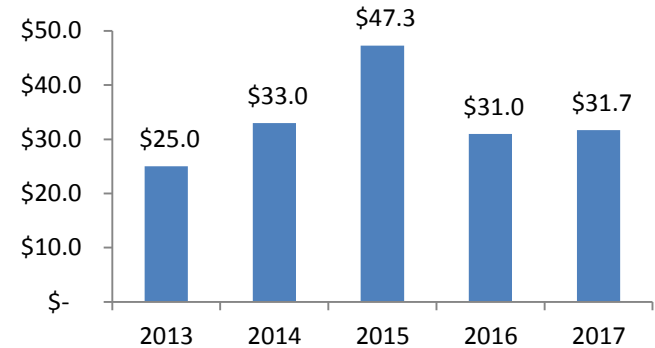
Silsbee, TX

Historical Performance

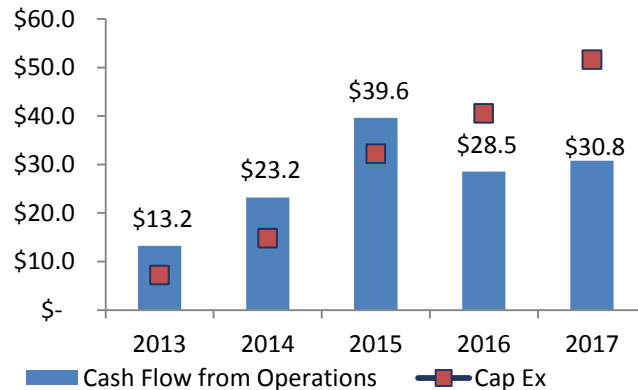
2017 Highlights

- Continued progress on capital projects
- Hydrogenation/Distillation project completed and generating revenue
- Construction of Advanced Reformer unit with commissioning expected in early 3Q18
- B Plant and D Train ramping volumes
- AMAK restarted mining operations and contributed positive net income in 4Q17
- Organizational changes announced in 1Q18 designed to focus on operational excellence

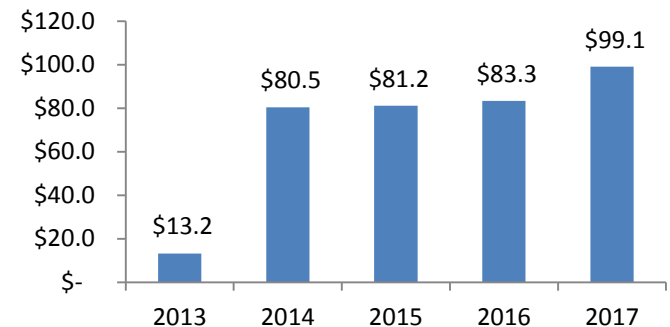
Adjusted EBITDA (\$mm)



Cash Flow from Operations and Capex (\$mm)



Total Debt (\$mm)



South Hampton Resources

Specialty Petrochemical Segment

- **Leading manufacturer of high-purity light hydrocarbons**
 - 2017 revenues: \$210.4 million
 - Blue Chip customer base
 - Approximately 200 full-time employees
 - 180 acres in Silsbee, TX
- **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



Firestone.



ExxonMobil



lyondellbasell



3M

LANXESS
Energizing Chemistry



سابك
sabic

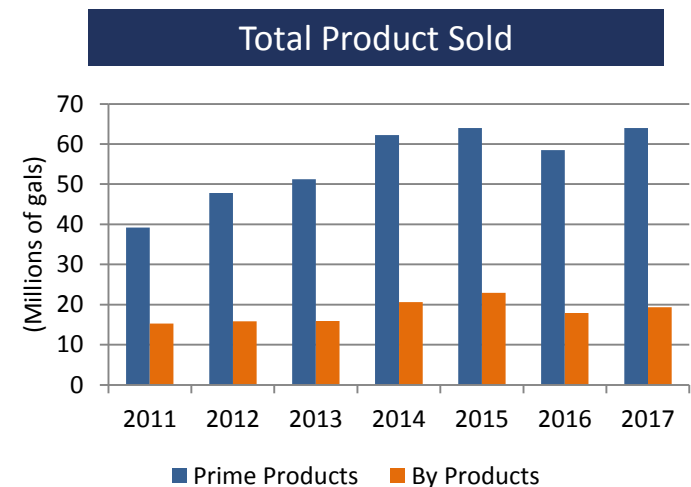


TRECORA
Resources



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
- **New market opportunities**
- **Second Canadian oil sands customer commencing production in 2018**
- **Global growth (including Asia)**
- **Major capital projects complete**
 - D Train: Three production trains provide significantly more flexibility and reliability
 - Capacity allows for new product development
- **2017 EBITDA of \$36.7 million up 15.1% year-over-year**



SHR: Advanced Reformer Update



➤ Financial Metrics

- \$58 million investment
- Adds \$12-14M/year in annual EBITDA with ~50% of this run rate by end of 2018
- EBITDA grows as prime product volumes ramp up

- Remediation well underway following February 14 fire
- Insurance policy with \$1 million deductible and expedited claim processing expected to minimize cash flow impact
- Proactive steps being taken to minimize economic impact
- Business case solidly intact and confident in ability to safely commission the unit and begin production by early third quarter 2018

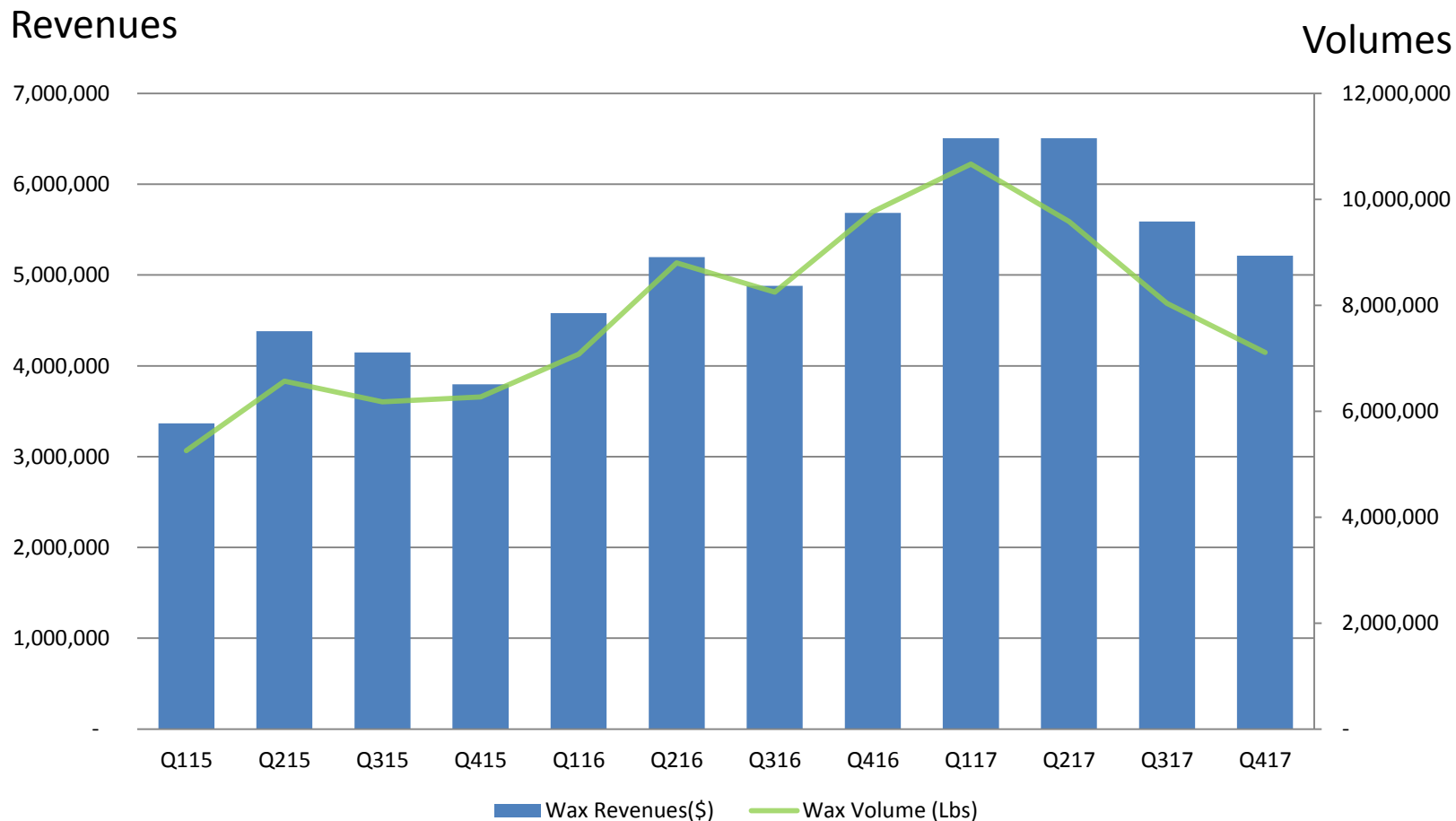
Trecora Chemical

Specialty Waxes Segment

- **Manufactures polyethylene wax and wax derivatives**
 - 2017 Revenues: \$34.8 million
 - 35 million annual capacity
 - 120 full-time employees
 - Located in Pasadena, TX
- **Wax Markets**
 - Hot Melt Adhesives & PVC Lubricants
 - New products for these markets being well-received
 - Increasing demand from European distributor to higher value markets
- **Strong feedstock supply network**
- **Organizational changes implemented in 1Q18 to drive operational excellence**



Trecora Chemical: Wax Volume and Revenue Overview



TC: Hydrogenation/Distillation Project Completed

➤ **Hydrogenation/Distillation Unit**

- Leverage existing relationships with petrochemical customers and generate new custom processing business
- Despite start-up delays, Hydrogenation/Distillation Unit generated revenue of \$600K in 2017

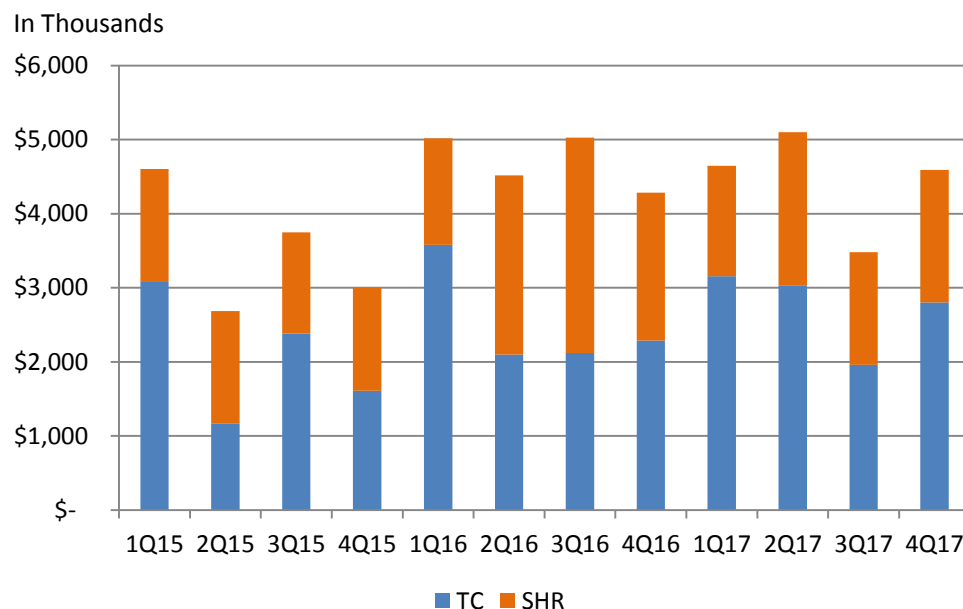
➤ **Financials**

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

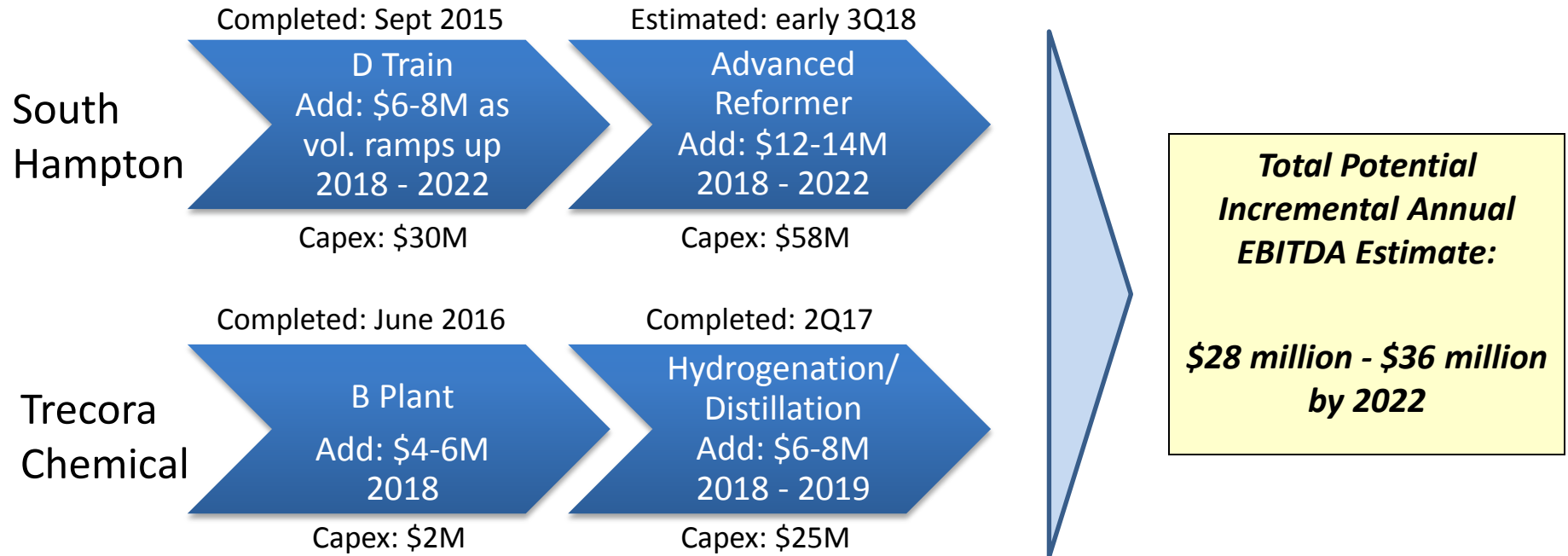


Custom Processing Overview

- **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

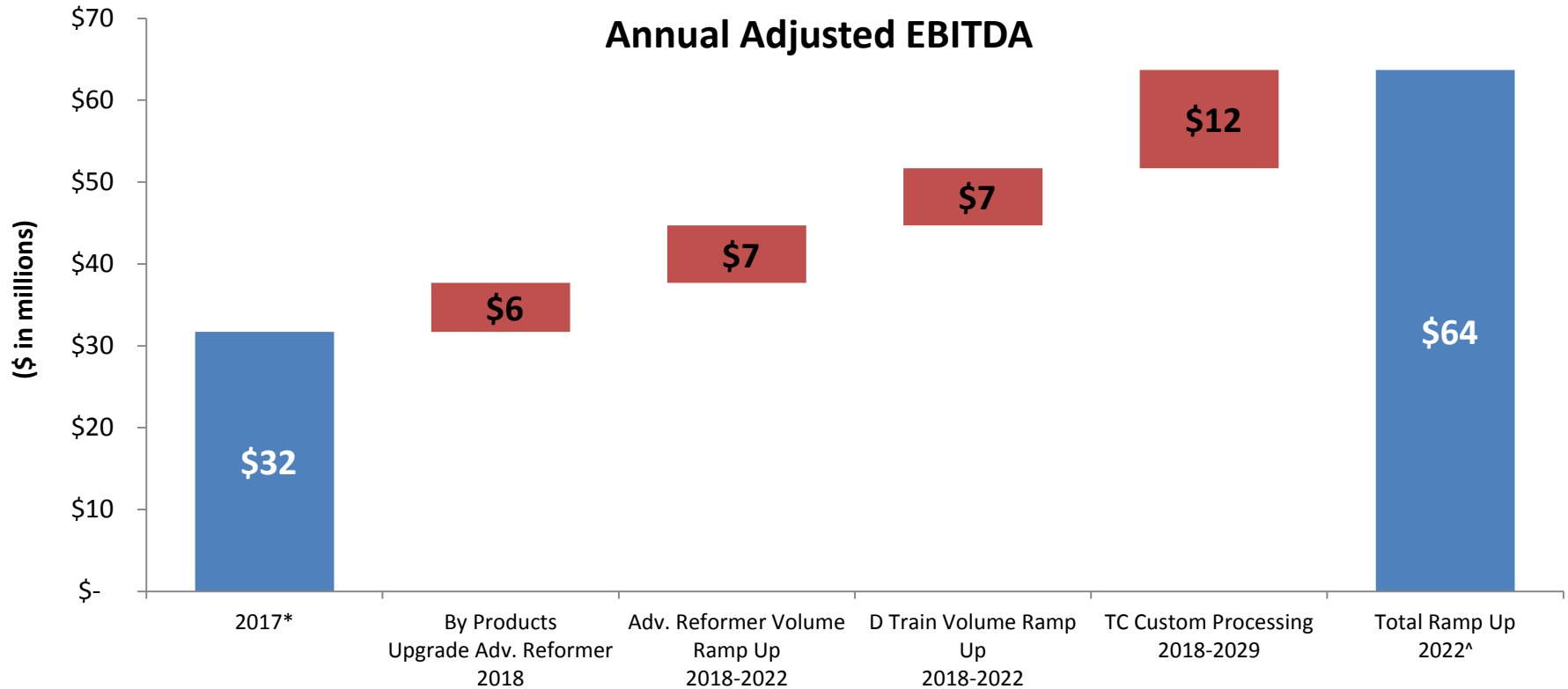


Significant Capital Projects Nearly Complete



- Capital projects funded from operating cash flow and revolver borrowings
- Revolver borrowings increased to \$35 million from \$9 million in 2016
- Total liquidity of \$28M (12/31/17): \$3M of cash / \$25M of revolver availability

Expected Capital Project Contributions



*- Denotes Adjusted EBITDA for 2017

^- Denotes Projected EBITDA for 2022

AMAK Mine Update

➤ Operations

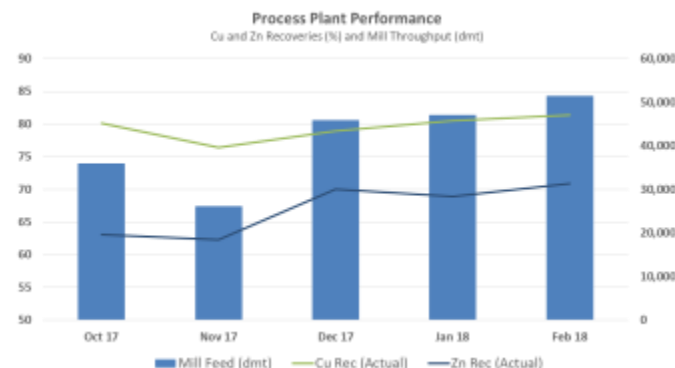
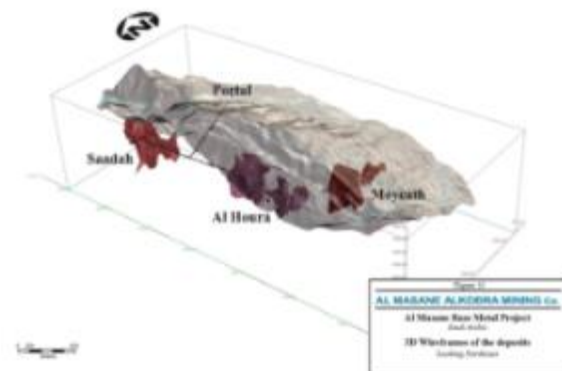
- 20,000 dmt sold in 4Q17 (vs 8000 dmt during 3Q)
 - Equally split between copper concentrate and zinc concentrate
 - Metal content at target; MgO still high in Zn, Zn still high in Cu
- Cu recoveries satisfactory, zinc recoveries low (water quality, MgO in ore)
- Mechanical availability and throughput rates continue to improve
- All ore and water issues resolved by mid 2018
- Equity in earnings of \$0.9 million in 4Q17

➤ Exploration

- Drilling continues in Guyan and surrounding areas with a similar geological profile
- Guyan gold production schedule:
 - Engineering Drawings and EPC Company selection 1Q18
 - Procurement and Construction Starts 3Q18
 - Commission Guyan Gold Project in 1H19
- Drilling continues for Al Masane copper and zinc – Moyoath being opened up

➤ Precious Metal Circuit/SART

- Expect additional gold and silver doré sales this quarter or early next quarter



Investment Summary

- **Strong 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**
- **AMAK monetization opportunity**
 - Objective is financial exit
- **Proven management team that has executed on its core strategy**



Thank You

Please visit our websites:

www.trecora.com

www.southhamptonr.com

www.TrecChem.com

www.amak.com.sa

TREC 4Q and Full Year 2017 Income Statement

	THREE MONTHS ENDED DECEMBER 31,		YEAR ENDED DECEMBER 31,	
	2017	2016	2017	2016
	<i>(thousands of dollars)</i>			
REVENUES				
Petrochemical and Product Sales	\$ 61,389	\$ 49,919	\$ 227,334	\$ 193,581
Processing Fees	<u>4,589</u>	<u>4,284</u>	<u>17,809</u>	<u>18,818</u>
	65,978	54,203	245,143	212,399
OPERATING COSTS AND EXPENSES				
Cost of Sales and Processing (including depreciation and amortization of \$2,778, \$2,396, \$10,089, and \$9,016 , respectively)	<u>56,012</u>	<u>46,551</u>	<u>203,582</u>	<u>172,497</u>
GROSS PROFIT	9,966	7,652	41,561	39,902
GENERAL AND ADMINISTRATIVE EXPENSES				
General and Administrative	4,966	4,909	22,587	20,434
Depreciation	<u>217</u>	<u>205</u>	<u>872</u>	<u>761</u>
	<u>5,183</u>	<u>5,114</u>	<u>23,459</u>	<u>21,195</u>
OPERATING INCOME	4,783	2,538	18,102	18,707
OTHER INCOME (EXPENSE)				
Interest Expense	(822)	(182)	(2,931)	(1,985)
Bargain Purchase Gain from Acquisition	-	-	-	11,549
Equity in Earnings (Losses) of AMAK	900	(3,740)	(4,261)	(1,479)
Gain from Additional Equity Issuance by AMAK	-	-	-	3,168
Miscellaneous Expense	<u>(18)</u>	<u>(66)</u>	<u>(60)</u>	<u>(28)</u>
	<u>60</u>	<u>(3,988)</u>	<u>(7,252)</u>	<u>11,225</u>
INCOME (LOSS) BEFORE INCOME TAXES	4,843	(1,450)	10,850	29,932
INCOME TAX (EXPENSE) BENEFIT	<u>9,129</u>	<u>603</u>	<u>7,159</u>	<u>(10,504)</u>
NET INCOME (LOSS)	13,972	(847)	18,009	19,428

TREC Adjusted EBITDA Calculation

(In Thousands)

	THREE MONTHS ENDED DEC. 31		TWELVE MONTHS ENDED DEC. 31	
	2017	2016	2017	2016
NET INCOME (LOSS)	\$13,972	(\$847)	\$18,009	\$19,428
Interest	822	182	2,931	1,985
Taxes	(9,129)	(603)	(7,159)	10,504
Depreciation and amortization	217	205	872	761
Depreciation and amortization in cost of sales	2,778	2,396	10,089	9,016
EBITDA	8,660	1,333	24,742	41,694
Share based compensation	702	670	2,707	2,552
Bargain purchase gain	-	-	-	(11,549)
Gain from additional equity issuance by AMAK	-	-	-	(3,168)
Equity in losses of AMAK	(900)	3,740	4,261	1,479
Adjusted EBITDA	<u>\$8,462</u>	<u>\$5,743</u>	<u>\$31,710</u>	<u>\$31,008</u>
Revenue	65,978	54,203	245,143	212,399
Adjusted EBITDA Margin (adjusted EBITDA/revenue)	12.80%	10.60%	12.90%	14.60%

TREC Balance Sheet as of December 31, 2017

(thousands of dollars)

ASSETS

Current Assets

Cash and cash equivalents	\$3,028
Trade receivables, net	25,779
Inventories	18,450
Prepaid expenses and other assets	4,424
Taxes receivable	5,584
Total current assets	57,265

Plant, pipeline and equipment, net	181,742
Goodwill	21,798
Other intangible assets, net	20,808
Investment in AMAK	45,125
Mineral properties in the United States	588
Other assets	-

TOTAL ASSETS	\$327,326
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LIABILITIES

Current Liabilities

Accounts payable	\$18,347
Current portion of derivative instruments	-
Accrued liabilities	3,961
Current portion of post-retirement benefit	305
Current portion of long-term debt	8,061
Current portion of other liabilities	870
Total current liabilities	31,544

Long-term debt, net of current portion	91,021
Post-retirement benefit, net of current portion	897
Other liabilities, net of current portion	1,611
Deferred income taxes	17,242
Total equity	185,011

TOTAL LIABILITIES AND EQUITY	\$327,326
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