

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): November 6, 2019

Trecora Resources

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

1-33926
(Commission File Number)

75-1256622
(IRS Employer
Identification No.)

1650 Hwy 6 South, Suite 190
Sugar Land, Texas 77478
(Address of principal executive offices)

(281) 980-5522
(Registrant's Telephone Number, Including Area Code)

Not applicable
(Former name or former address, if changed since last report)

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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

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

The Company's press release dated November 6, 2019, regarding its financial results for the quarter ended September 30, 2019, including consolidated financial statements for the quarter ended September 30, 2019, is Exhibit 99.1 of this Form 8-K.

The information in this Item 2.02, including the corresponding Exhibit 99.1, is being furnished with the Commission and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934.

Item 7.01. Regulation FD Disclosure.

The slides for the Company's third quarter 2019 earnings presentation on November 7, 2019, are Exhibit 99.2 to this Form 8-K.

The information in this Item 7.01, including the corresponding Exhibit 99.2, is being furnished with the Commission and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
99.1	<u>Earnings Release of the Company, dated November 6, 2019</u>
99.2	<u>Earnings Presentation of the Company, dated November 7, 2019</u>

SIGNATURE

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.

TRECORA RESOURCES

Date: November 7, 2019

By: /s/ Sami Ahmad

Sami Ahmad

Chief Financial Officer



Trecora Resources Reports Third Quarter 2019 Results

- *Recently announced a definitive agreement to sell entire stake in AMAK for \$70 million; targeted close in fourth quarter 2019*
- *Third quarter net income from continuing operations of \$1.6 million compared to net loss from continuing operations of \$(0.7) million in third quarter 2018*
- *Reliability and cost control drove third quarter Adjusted EBITDA from continuing operations of \$6.9 million compared to \$4.9 million in third quarter 2018, a 41% increase*
- *Reduced debt by \$9.0 million in the third quarter and an additional \$5 million in October*
- *Conference call at 10:00 am ET tomorrow, November 7, 2019*

SUGAR LAND, Texas, November 6, 2019 – Trecora Resources ("Trecora" or the "Company") (NYSE: TREC), a leading provider of specialty hydrocarbons and waxes, today announced financial results for the third quarter ended September 30, 2019.

"Operational reliability, disciplined cost control and solid execution drove the Company's third quarter 2019 results, yielding net income from continuing operations of \$1.6 million compared to net loss from continuing operations of \$(0.7) million in third quarter 2018 and consolidated Adjusted EBITDA from continuing operations of \$6.9 million compared to \$4.9 million in the same period last year," said Pat Quarles, Trecora's President and Chief Executive Officer.

"On top of the improved operating results, we recently announced a definitive agreement to sell our entire stake in Al Masane Al Kobra Mining Co., or "AMAK", for \$70 million in gross proceeds, with an expected close later in the fourth quarter and subject to government approvals and other closing conditions. Upon close, we will have delivered on our commitment to monetize this asset which will enable us to significantly reduce our debt. Further, what will remain after the completion of this transaction, is a Company with a singular focus on improving our operating businesses, a solid balance sheet and financial flexibility to create shareholder value," Mr. Quarles added.

Sami Ahmad, Trecora's Chief Financial Officer stated, "Consolidated gross margin improved to 15.3% in the third quarter 2019 from 9.3% in the third quarter 2018.

This margin improvement was a result of lower feedstock costs, lower operating expenses and improved plant operations, specifically in our Specialty Petrochemicals segment, which saw its gross margins improve from 10.3% in third quarter 2018 to 18.9% in third quarter 2019. Year-to-date consolidated gross margin was 15.3%, a sharp improvement from 11.8% in the same period last year. Strong operating cash flow in the quarter allowed for meaningful debt reduction of \$9.0 million. We further reduced debt by an additional \$5 million in October bringing our total outstanding debt to approximately \$84 million."

Mr. Quarles concluded, "Looking ahead, our focus continues to be the safe and reliable operation of our plants, the quality of our products, and disciplined management of costs and capital expenditures. We expect fourth quarter results to be impacted by typical seasonal demand patterns and from a weather event on October 29th at our Silsbee facility which resulted in damage to one of our feedstock storage tanks and a shutdown of the plant. We expect some loss of sales volumes and recovery costs."

Third Quarter 2019 Financial Results

Net income from continuing operations in the third quarter of 2019 was \$1.6 million, or \$0.06 per diluted share, compared to a net loss from continuing operations of \$(0.7) million, or \$(0.03) per diluted share, in the third quarter of 2018.

Total revenue in the third quarter of 2019 was \$62.7 million compared to \$73.4 million in the third quarter of 2018. This year-over-year decrease was primarily due to a 4.8% decrease in Specialty Petrochemicals sales volume and a 9.2% decline in average selling prices, which was primarily due to lower feedstock costs. Revenues from processing declined as compared to the third quarter of 2018, primarily due to the termination of a contract in the fourth quarter of 2018.

Gross profit in the third quarter of 2019 was \$9.6 million, or 15.3% of total revenues, compared to \$6.8 million, or 9.3% of total revenues, in the third quarter of 2018. Operating income in the third quarter of 2019 was \$3.0 million compared to \$0.3 million for the third quarter of 2018. The improved margins were primarily driven by lower feedstock costs, operation of the Advanced Reformer unit and lower labor costs as a result of the cost reduction program implemented in December 2018.

Specialty Petrochemicals

Specialty Petrochemicals net income was \$6.3 million in the third quarter of 2019, compared to net income of \$2.5 million in the third quarter of 2018. Specialty Petrochemicals volume in the third quarter of 2019 was 20.5 million gallons, compared to 21.4 million gallons in the second quarter of 2019 and 21.6 million gallons in the third quarter of 2018.

Prime product volume in the third quarter of 2019 was 16.4 million gallons, compared to 17.7 million gallons in the second quarter of 2019 and 17.0 million gallons in the third quarter of 2018. By-product sales volume was 4.1 million gallons in the third quarter of 2019. Adjusted EBITDA from continuing operations for Specialty Petrochemicals in the third quarter of 2019 was \$9.9 million compared to \$6.2 million in the third quarter of 2018.

	THREE MONTHS ENDED SEPTEMBER 30,		
	2019	2,018	% Change
Product sales	\$53,277	\$61,675	(14)%
Processing fees	<u>1,208</u>	2,056	(41)%
Gross revenues	\$54,485	\$63,731	(15)%
Operating profit before depreciation and amortization	10,414	6,167	69%
Operating profit	7,448	3,516	112%
Net profit before taxes	6,583	2,561	157%
Depreciation and amortization	1,900	2,651	(28)%
Adjusted EBITDA from continuing operations	9,876	6,186	60%
Capital expenditures	2,163	2,562	(16)%

Specialty Waxes

Specialty Waxes net loss was \$(2.1) million in the third quarter of 2019, compared to a net loss of \$(1.2) million in the third quarter of 2018. Specialty Waxes generated revenues of approximately \$8.2 million in the third quarter of 2019, a \$1.0 million decrease from the second quarter of 2019, and a \$1.5 million decrease from the third quarter of 2018. Revenue included \$5.8 million of wax product sales and \$2.4 million of processing revenues. Wax sales volumes decreased approximately 4.5% from third quarter 2018 due to disruptions of wax feed supply from our suppliers. Adjusted EBITDA from continuing operations for Specialty Waxes in the third quarter of 2019 was \$(0.2) million compared to \$0.4 million in the third quarter of 2018.

	THREE MONTHS ENDED SEPTEMBER 30,		
	2019	2,018	% Change
Product sales	\$5,834	\$6,938	(16)%
Processing fees	2,396	2,799	(14)%
Gross revenues	\$8,230	\$9,737	(15)%
Operating profit before depreciation and amortization	(260)	415	(163)%
Operating loss	(1,808)	(936)	93%
Net loss before taxes	(2,071)	(1,239)	67%
Depreciation and amortization	1,548	1,351	15%
Adjusted EBITDA from continuing operations	(207)	377	(155)%
Capital expenditures	361	1,094	(67)%

Year-to-Date 2019 Financial Results

Net income from continuing operations in the first nine months of 2019 was \$5.9 million, or \$0.23 per diluted share, compared to net income from continuing operations of \$3.5 million, or \$0.14 per diluted share, for the same period in 2018.

Total revenue in the first nine months of 2019 was \$197.2 million, compared to \$213.3 million for the same period in 2018, a decrease of 7.5%. This decrease was primarily due to a decrease in the average selling price of Specialty Petrochemicals products of 5.8% and lower Specialty Petrochemicals processing revenue of \$1.7 million.

Gross profit in the first nine months of 2019 was \$30.2 million, or 15.3% of total revenues, compared to \$25.1 million, or 11.8% of total revenues, for the same period in 2018. Operating income in the first nine months of 2019 was \$11.0 million, compared to operating income of \$7.3 million for the same period in 2018. The improved margins were primarily driven by lower feedstock costs, operation of the Advanced Reformer unit and lower labor costs as a result of the cost reduction program implemented in December 2018.

Specialty Petrochemicals

Specialty Petrochemicals net income was \$17.1 million in the first nine months of 2019, compared to net income of \$10.4 million for the same period in 2018. Specialty Petrochemicals volume in the first nine months of 2019 was 64.4 million gallons, compared to 64.6 million gallons for the same period in 2018. Prime product volume in the first nine months of 2019 was 51.8 million gallons, compared to 50.7 million gallons in the same period 2018. Adjusted EBITDA from continuing operations for Specialty Petrochemicals in the first nine months of 2019 increased 50% to \$31.1 million, compared to \$20.7 million for the same period in 2018.

Dollar amounts in thousands/rounding may apply

	NINE MONTHS ENDED		
	SEPTEMBER 30,		
	<u>2019</u>	2,018	<u>% Change</u>
Product sales	\$167,351	\$178,094	(6)%
Processing fees	<u>4,117</u>	<u>5,769</u>	(29)%
Gross revenues	\$171,468	\$183,863	(7)%
Operating profit before depreciation and amortization	31,849	20,655	54%
Operating profit	22,885	14,635	56%
Net profit before taxes	22,093	12,474	61%
Depreciation and amortization	7,899	6,020	31%
Adjusted EBITDA from continuing operations	31,134	20,701	50%
Capital expenditures	5,002	16,374	(69)%

Specialty Waxes

Specialty Waxes had a net loss of \$(5.6) million in the first nine months of 2019 compared to a net loss of \$(2.9) million for the same period in 2018. Specialty Waxes had revenues of \$25.8 million in the first nine months of 2019, a 13.0% decrease from the same period of 2018. Revenues included \$18.6 million of wax product sales and \$7.2 million of processing revenues. Wax sales volumes in the first nine months of 2019 decreased approximately 9.1% from the same period 2018 due to the planned maintenance turnaround at our Pasadena facility in the first quarter of 2019, along with disruptions of wax feed supply from our suppliers which constrained production. Adjusted EBITDA from continuing operations for Specialty Waxes in the first nine months of 2019 was \$(0.4) million, compared to \$1.9 million for the same period in 2018.

Dollar amounts in thousands/rounding may apply

	NINE MONTHS ENDED		
	SEPTEMBER 30,		
	<u>2019</u>	2,018	<u>% Change</u>
Product sales	\$18,582	\$20,755	(10)%
Processing fees	<u>7,191</u>	<u>8,863</u>	(19)%
Gross revenues	\$25,773	\$29,618	(13)%
Operating profit (loss) before depreciation and amortization	(343)	1,969	(117)%
Operating loss	(4,638)	(2,051)	126%
Net loss before taxes	(5,623)	(2,926)	92%
Depreciation and amortization	4,295	4,020	7%
Adjusted EBITDA from continuing operations	(361)	1,896	(119)%
Capital expenditures	1,296	2,716	(52)%

Earnings Call

Tomorrow's conference call and presentation slides will be simulcast live on the Internet, and can be accessed on the investor relations section of the Company's website at <http://www.trecora.com> or at <https://edge.media-server.com/mmc/p/px3dfufz>. A replay of the call will

also be available through the same link.

To participate via telephone, callers should dial in five to ten minutes prior to the 10:00 am Eastern start time; domestic callers (U.S. and Canada) should call +1-866-417-5724 or +1-409-217-8234 if calling internationally, using the conference ID 5790838. To listen to the playback, please call 1-855-859-2056 if calling within the United States or 1-404-537-3406 if calling internationally. Use pin number 5790838 for the replay.

Use of Non-GAAP Measures

This press release 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 from continuing operations plus interest expense, income taxes, depreciation and amortization. We define Adjusted EBITDA from continuing operations as EBITDA from continuing operations plus stock-based compensation, plus restructuring and severance expenses, plus losses on extinguishment of debt, and plus or minus gains or losses on acquisitions.

Forward-Looking Statements

Some of the statements and information contained in this press release may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Statements regarding the Company's financial position, business strategy and plans and objectives of the Company's management for future operations and other statements that are not historical facts, are forward-looking statements. Forward-looking statements are often characterized by the use of words such as "outlook," "may," "will," "should," "could," "expects," "plans," "anticipates," "contemplates," "proposes," "believes," "estimates," "predicts," "projects," "potential," "continue," "intend," or the negative of such terms and other comparable terminology, or by discussions of strategy, plans or intentions, including, but not limited to: expectations regarding future market trends; expectations regarding our future strategic focuses and 2019 financial performance; and expectations regarding the consummation of the sale of our stake in AMAK and the use of proceeds therefrom, including the realization of expected benefits to the Company from the application of such proceeds.

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: general economic conditions domestically and internationally; insufficient cash flows from operating activities; difficulties in obtaining financing on favorable conditions, or at all; outstanding debt and other financial and legal obligations; lawsuits; competition; industry cycles; feedstock, product and mineral prices; feedstock availability; technological developments; regulatory changes; environmental matters; foreign government instability; foreign legal and political concepts; foreign currency fluctuations; not completing, or not completely realizing the anticipated benefits from, the sale of our stake in AMAK; receipt and timing of necessary governmental approvals for the sale of our stake in AMAK; 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.

About Trecora Resources (TREC)

TREC owns and operates a specialty petrochemicals facility specializing in high purity hydrocarbons and other petrochemical manufacturing and a specialty wax facility, both located in Texas, and provides custom processing services at both facilities. In addition, the Company is the original developer and a 33.3% owner of AMAK, a Saudi Arabian joint stock company.

Investor Relations Contact:

Jason Finkelstein
The Piacente Group, Inc.
212-481-2050
trecora@tpg-ir.com

TRECORA RESOURCES AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2019 (Unaudited)	December 31, 2018
ASSETS	<i>(thousands of dollars, except par value)</i>	
Current Assets		
Cash	\$ 9,157	\$ 6,735
Tradereceivables, net	25,497	27,112
Inventories	13,285	16,539
Investment in AMAK (held-for-sale)	34,090	38,746
Prepaid expenses and other assets	3,726	4,664
Taxes receivable	182	182
Total current assets	85,937	93,978
Plant, pipeline and equipment, net	190,345	194,657
Goodwill	21,798	21,798
Intangible assets, net	17,551	18,947
Operating lease assets, net	14,364	-
Mineral properties in the United States	562	588
TOTAL ASSETS	330,557	329,968
LIABILITIES		
Current Liabilities		
Accounts payable	10,203	19,106
Accrued liabilities	7,270	5,439
Current portion of long-term debt	4,194	4,194
Current portion of operating lease	3,247	-
Current portion of other liabilities	1,011	752
Total current liabilities	25,925	29,491
Long term debt, net of current portion	85,143	98,288
Operating lease, net of current portion	11,117	-
Other liabilities, net of current portion	906	1,352
Deferred income taxes	16,646	15,676
Total liabilities	139,737	144,807
EQUITY		
Common stock authorized 40 million shares of \$0.10 par value; issued 24.7 million and 24.6 million in 2019 and 2018 and outstanding 24.7 million and 24.6 million shares in 2019 and 2018, respectively	2,472	2,463
Additional paid-in capital	59,202	58,294
Common stock in treasury, at cost	(2)	(8)
Retained earnings	128,859	124,123
Total Trecora Resources Stockholders' Equity	190,531	184,872
Noncontrolling Interest	289	289
Total equity	190,820	185,161
TOTAL LIABILITIES AND EQUITY	330,557	329,968

TRECORA RESOURCES AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS(unaudited)

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2019	2018	2019	2018
	(thousands of dollars, except per share amounts)			
REVENUES				
Specialty Petrochemical and Product Sales	\$ 59,111	\$ 68,613	\$ 185,933	\$ 198,881
Processing Fees	3,604	4,803	11,308	14,382
	62,715	73,416	197,241	213,263
OPERATING COSTS AND EXPENSES				
Cost of Sales and Processing				
(including depreciation and amortization of \$3,254, \$3,813, \$11,611 and \$9,480, respectively)	53,148	66,574	167,036	188,139
GROSS PROFIT	9,567	6,842	30,205	25,124
GENERAL AND ADMINISTRATIVE EXPENSES				
General and Administrative	6,401	6,327	18,532	17,216
Depreciation	208	205	629	592
	6,609	6,532	19,161	17,808
OPERATING INCOME	2,958	310	11,044	7,316
OTHER INCOME (EXPENSE)				
Interest Income	-	5	5	26
Interest Expense	(1,211)	(924)	(4,111)	(2,617)
Loss on Extinguishment of Debt	-	315	-	315
Miscellaneous Expense	74	(28)	330	(67)
	(1,137)	(1,262)	(3,776)	(2,973)
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	1,821	(952)	7,268	4,343
INCOME TAX EXPENSE (BENEFIT)	238	(236)	1,412	854
INCOME (LOSS) FROM CONTINUING OPERATIONS	1,583	(716)	5,856	3,489
LOSS FROM DISCONTINUED OPERATIONS, NET OF TAX	1,002	893	1,120	531
NET INCOME (LOSS)	581	(1,609)	4,736	2,958
Basic Earnings per Common Share				
Net income (loss) from continuing operations (dollars)	\$ 0.06	\$ (0.03)	\$ 0.24	\$ 0.14
Net loss from discontinued operations, net of tax (dollars)	(0.04)	(0.04)	(0.05)	(0.02)
Net income (loss) (dollars)	\$ 0.02	\$ (0.07)	\$ 0.19	\$ 0.12
Basic Weighted Average Number of Common Shares Outstanding	24,717	24,483	24,689	24,397
Diluted Earnings per Common Share				
Net income (loss) from continuing operations (dollars)	\$ 0.06	\$ (0.03)	\$ 0.23	\$ 0.14
Net loss from discontinued operations, net of tax (dollars)	(0.04)	(0.04)	(0.04)	(0.02)
Net income (loss) (dollars)	\$ 0.02	\$ (0.07)	\$ 0.19	\$ 0.12
Diluted Weighted Average Number of Common Shares Outstanding	25,053	25,175	25,077	25,138

TRECORA RESOURCES AND SUBSIDIARIES
RECONCILIATION OF SELECTED GAAP MEASURES TO NON-GAAP MEASURES

EBITDA from continuing operations and Adjusted EBITDA from continuing operations
(thousands of dollars; rounding may apply)

	Three months ended				Three months ended			
	9/30/19				9/30/18			
	<u>SPEC. PETRO</u>	<u>SPEC. WAX</u>	<u>CORP</u>	<u>TREC</u>	<u>SPEC. PETRO</u>	<u>SPEC. WAX</u>	<u>CORP</u>	<u>TREC</u>
NET INCOME (LOSS)	\$ 6,278	\$ (2,071)	\$ (3,626)	\$ 581	\$ 2,504	\$ (1,239)	\$ (2,874)	\$ (1,609)
Loss from discontinued operations, net of tax	-	-	(1,002)	(1,002)	-	-	(893)	(893)
Income (Loss) from continuing operations	\$ 6,278	\$ (2,071)	\$ (2,624)	\$ 1,583	\$ 2,504	\$ (1,239)	\$ (1,981)	\$ (716)
Interest	895	316	-	1,211	659	265	-	924
Taxes	803	-	(565)	238	372	-	(608)	(236)
Depreciation and amortization	171	24	13	208	165	24	16	205
Depreciation and amortization in cost of sales	1,729	1,524	1	3,254	2,486	1,327	-	3,813
EBITDA from continuing operations	9,876	(207)	(3,175)	6,494	6,186	377	(2,573)	3,990
Share based compensation	-	-	415	415	-	-	630	630
Loss on extinguishment of debt	-	-	-	-	-	-	315	315
Adjusted EBITDA from continuing operations	<u>\$ 9,876</u>	<u>\$ (207)</u>	<u>\$ (2,760)</u>	<u>\$ 6,909</u>	<u>\$ 6,186</u>	<u>\$ 377</u>	<u>\$ (1,628)</u>	<u>\$ 4,935</u>
Revenue	54,485	8,230	-	62,715	63,731	9,737	(52)	73,416
	Nine months ended				Nine months ended			
	9/30/19				9/30/18			
	<u>SPEC. PETRO</u>	<u>SPEC. WAX</u>	<u>CORP</u>	<u>TREC</u>	<u>SPEC. PETRO</u>	<u>SPEC. WAX</u>	<u>CORP</u>	<u>TREC</u>
NET INCOME (LOSS)	\$ 17,086	\$ (5,623)	\$ (6,727)	\$ 4,736	\$ 10,402	\$ (2,926)	\$ (4,518)	\$ 2,958
Loss from discontinued operations, net of tax	-	-	(1,120)	(1,120)	-	-	(531)	(531)
Income (Loss) from continuing operations	\$ 17,086	\$ (5,623)	\$ (5,607)	\$ 5,856	\$ 10,402	\$ (2,926)	\$ (3,987)	\$ 3,489
Interest	3,143	967	1	4,111	1,892	802	(77)	2,617
Taxes	3,006	-	(1,594)	1,412	2,387	-	(1,533)	854
Depreciation and amortization	512	72	45	629	492	68	32	592
Depreciation and amortization in cost of sales	7,387	4,223	1	11,611	5,528	3,952	-	9,480
EBITDA from continuing operations	31,134	(361)	(7,154)	23,619	20,701	1,896	(5,565)	17,032
Share based compensation	-	-	973	973	-	-	1,002	1,002
Loss on extinguishment of debt	-	-	-	-	-	-	315	315
Adjusted EBITDA from continuing operations	<u>\$ 31,134</u>	<u>\$ (361)</u>	<u>\$ (6,181)</u>	<u>\$ 24,592</u>	<u>\$ 20,701</u>	<u>\$ 1,896</u>	<u>\$ (4,248)</u>	<u>\$ 18,349</u>
Revenue	171,468	25,773	-	197,241	183,863	29,618	(218)	213,263



Third Quarter 2019 Overview

November 7, 2019



Safe Harbor Statement

Some of the statements and information contained in this press release may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Statements regarding the Company's financial position, business strategy and plans and objectives of the Company's management for future operations and other statements that are not historical facts, are forward-looking statements. Forward-looking statements are often characterized by the use of words such as "outlook," "may," "will," "should," "could," "expects," "plans," "anticipates," "contemplates," "proposes," "believes," "estimates," "predicts," "projects," "potential," "continue," "intend," or the negative of such terms and other comparable terminology, or by discussions of strategy, plans or intentions, including, but not limited to: expectations regarding future market trends; expectations regarding our future strategic focuses and 2019 financial performance; and expectations regarding the consummation of the sale of our stake in AMAK and the use of proceeds therefrom, including the realization of expected benefits to the Company from the application of such proceeds.

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: general economic conditions domestically and internationally; insufficient cash flows from operating activities; difficulties in obtaining financing on favorable conditions, or at all; outstanding debt and other financial and legal obligations; lawsuits; competition; industry cycles; feedstock, product and mineral prices; feedstock availability; technological developments; regulatory changes; environmental matters; foreign government instability; foreign legal and political concepts; foreign currency fluctuations; not completing, or not completely realizing the anticipated benefits from, the sale of our stake in AMAK; receipt and timing of necessary governmental approvals for the sale of our stake in AMAK 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.

Disclaimer: 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 from continuing operations plus interest expense, income taxes, depreciation and amortization. We define Adjusted EBITDA from continuing operations as EBITDA from continuing operations plus stock-based compensation, plus restructuring and severance expenses, plus losses on extinguishment of debt, and plus or minus gains or losses on acquisitions.

Trecora Q3' 19 Overview

AMAK Sale

- o Announced definitive agreement to sell entire stake for \$70 million
- o The sale, which has no financing conditions, is subject to government approvals and closing conditions, and is targeted to close in Q4 2019
- o Trecora expects to receive net proceeds of approx. \$60 million in cash, net of both US and Saudi taxes and transaction expenses, payable in USD

Q3' 19 Results

- o Net income from continuing operations of \$1.6 million vs. net loss of \$(0.7) million in Q3' 18
- o Adj. EBITDA from continuing operations of \$6.9 million up 41% vs. \$4.9 million in Q3' 18
- o Reduced debt by \$9.0 million (additional \$5 million in October 2019)

Q3' 19 Operations

- o Ran key assets reliably, delivering on productivity initiatives and executing on key projects according to plan
 - o All SIsbee units ran with high reliability allowing for capture of improved by-product values in the market
 - o Demonstrated the ability to run through various electrical upsets at the site related to anticipated electrical network vulnerabilities
 - o Successfully transitioned to planned maintenance process at SIsbee, saving approximately \$300,000
- o Utilization of new on-site rail car storage and fleet reduction captured further savings and significantly contributed to EBITDA margin performance

AMAK Sale Update

- Announced definitive share sale and purchase agreement with certain existing shareholders of AMAK who will acquire Trecora's entire 33.3% equity interest in AMAK
- Targeted close in Q4 2019
- Sale gross proceeds of \$70 million; Expected approx. \$60 million in net cash proceeds, net of both US and Saudi taxes and transaction expenses
- Consideration payable in US Dollars and Trecora has already received a 5% non-refundable deposit of approximately \$3.5 million from the purchasers
- Sale has no financing conditions and is subject to government approvals and closing conditions
- Advancing the processes to gain government approval for the sale
- Transaction led by one of the leading metals and mining investment banks in the world
 - More than 50 potential buyers contacted
 - Ultimately chose to sell to the existing shareholders at a significantly greater valuation and at a lower risk than other alternatives

Financial Summary – Q3 and YTD 2019

	Q3' 19	Q2' 19	Q1' 19	Q4' 18	Q3' 18		YTD' 19	YTD' 18
Diluted EPS from continuing operations	\$0.06	\$0.10	\$0.07	\$(0.22)	\$(0.03)		\$0.23	\$0.14
Net Income (Loss) from continuing operations	\$1.6	\$2.4	\$1.7	\$(5.5)	\$(0.7)		\$5.9	\$3.5
Adjusted EBITDA from continuing operations ⁽¹⁾	\$6.9	\$9.2	\$8.4	\$(3.9)	\$4.9		\$24.6	\$18.3
Gross Margin	15.3%	15.2%	15.5%	3.6%	9.3%		15.3%	11.8%
Cap Ex	\$2.5	\$1.8	\$1.9	\$6.2	\$3.7		\$6.3	\$19.1
Debt	\$89.3	\$98.4	\$103.4	\$102.5	\$105.5		\$89.3	\$105.5

(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.

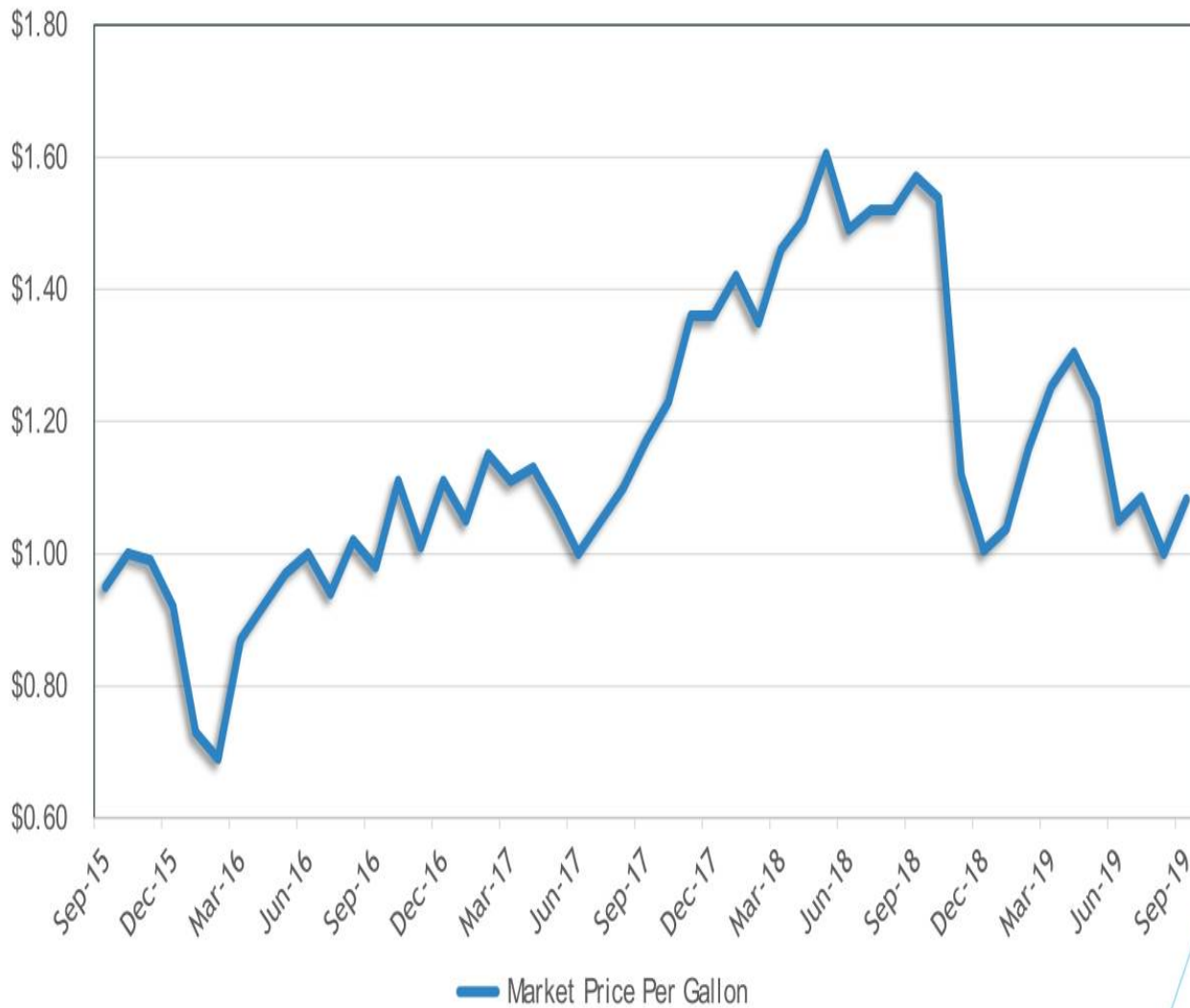
- Q3' 19 Gross Margin of 15.3%(improvements vs. Q2' 19 and Q3' 18)
- Cash Flow from Operations of \$20.2 million for YTD' 19
- Debt at September 30 of \$89.3 million (\$84.3 million as of end of October)
- Revolver balance of \$8 million as of September 30 (reduced \$5 million in October)
- Cash balance of \$9.2 million as of September 30

Specialty Petrochemicals Update

	Specialty Petrochemicals Sales Volumes					
	Q3' 19	Q2' 19	Q1' 19	Q4' 18	Q3' 18	Q2' 18
	(million gallons)					
All Products	20.5	21.4	22.5	25.1	21.6	19.7
Prime Products	16.4	17.7	17.6	18.7	17.0	16.1
By-products	4.1	3.7	4.8	6.4	4.6	3.6
Deferred Sales	2.2	2.0	2.5	2.9	2.3	2.0

- Prime Products sales volume declined approximately 7.3%(or 1.3 million gallons) from Q2' 19 (lower sales to the Canadian oil sands and an unplanned outage at a major customer)
- By-product margin in Q3' 19 of \$0.36 per gallon compared to \$0.24 per gallon in Q2' 19
- By-product sales volumes increased 10.1%from Q2' 19 (due to increase in feed to the Advanced Reformer unit)
- On-track with annual cost savings of \$2.5 million from December reorganization

Petrochemical Feed - Market Price of Natural Gasoline



(Source: OPIS)

Specialty Waxes Update

	Specialty Waxes					
	Q3'19	Q2'19	Q1'19	Q4'18	Q3'18	Q2'18
Wax Revenue (\$mm)	\$5.8	\$6.7	\$6.0	\$6.3	\$6.9	\$7.4
Wax Sales Volume (lbs)	8.6	10.0	7.9	8.1	9.1	10.5
Avg. Wax Sales Price	\$0.67	\$0.67	\$0.76	\$0.77	\$0.77	\$0.71
CP Revenue (\$mm)	\$2.4	\$2.5	\$2.3	\$2.4	\$2.8	\$2.9

➤ Wax

- Q3'19 wax sales volume declined 14.0% compared to Q2'19
- Q3'19 wax sales revenue declined 13.4% compared to Q2'19
- Customer demand strong, but sales constrained by disruptions of wax feed supply from key suppliers.

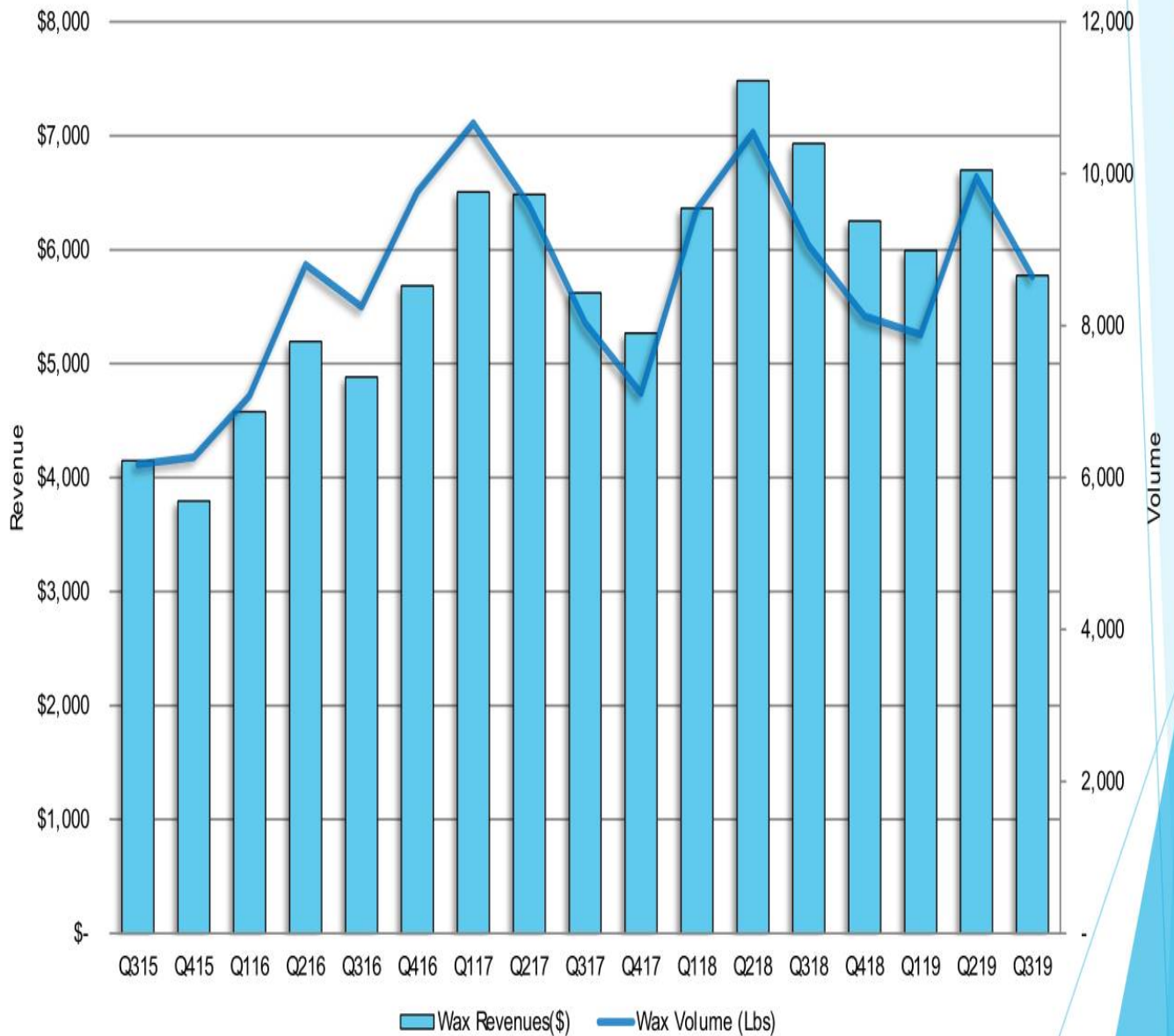
➤ Custom Processing (CP)

- Q3'19 processing revenues were flat from Q2'19

Specialty Waxes

Wax Volume and Revenue

(in thousands)



Trecora 2019 Turnaround Demonstrating Results...

➤ Safe and Reliable Assets

- Delivered safe and reliable operations, while providing quality products to customers
 - Zero accidents in Q3
 - Advanced Reformer:
 - Ran with very high reliability in Q3 allowing for the capture of improved by-product values in the market
 - Demonstrated the ability to run through various electrical upsets at the site related to anticipated electrical network vulnerabilities

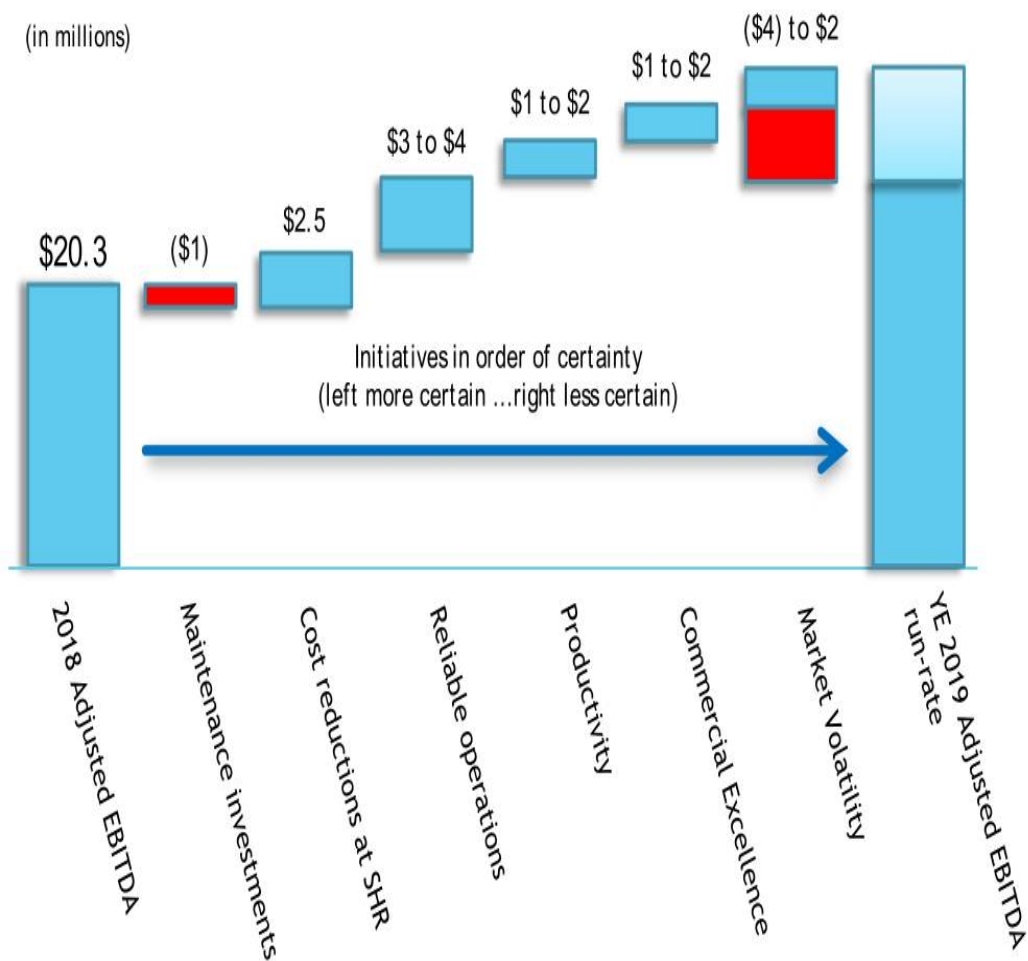
➤ Capture Productivity Opportunities

- Enhanced productivity by challenging both internal and external cost elements
 - Aligned resources at Silsbee facility to match scope of operations
 - Captured further savings in Q3 related to rail storage and fleet reduction, significantly contributing to improved EBITDA margin performance

➤ Drive Commercial Excellence

- Measure and improve every aspect of value proposition to customers
 - In Q3, made continued progress in reviewing and renegotiating commercial contracts with more favorable pricing, price escalators and supply terms
 - Realized improved Q3 margin on C6 products after successful price increase in 2Q; Reviewing the value captured by our custom processing services currently

..And Significantly Improving Adj. EBITDA from Continuing Operations



Based on YTD' 19 Adjusted EBITDA from continuing operations of \$24.6 million, trending toward expected range

Why Invest in Trecora?

Strategy for Significant Value Creation Through Operational Improvement, Increased Cash Flow & Debt Reduction

Turnaround Priorities Delivering Improved Results

- Safety and Reliability program demonstrating improved performance
- Culture of productivity reducing costs
- Commercial contracts with more favorable pricing, price escalators and supply terms
- Trending towards expected Adjusted EBITDA range based on YTD' 19 results

Rapid De-leveraging Opportunity Continues

- YTD' 19 Cash Flow from Operations of \$20.2 million compared to \$11.1 million for YTD' 18
- Debt of approx. \$84.3 million as of end of October, an \$18.2 million reduction since end of 2018
- Anticipated Q4 AMAK monetization to provide opportunity for additional debt reduction
- On track for 2019 capital expenditures of approx. \$10-\$11 million (\$25.3 million in 2018 and \$51.6 million in 2017)

Q&A

Thank You

For more information,
please visit our website:

www.trecora.com

Appendix

Reconciliation Of Selected GAAP Measures To Non-GAAP Measures

	Three months ended				Three months ended			
	9/30/19				9/30/18			
	SPEC. PETRO	SPEC. WAX	CORP	TREC	SPEC. PETRO	SPEC. WAX	CORP	TREC
NET INCOME (LOSS)	\$ 6,278	\$ (2,071)	\$ (3,626)	\$ 581	\$ 2,504	\$ (1,239)	\$ (2,874)	\$ (1,609)
Loss from discontinued operations, net of tax	-	-	(1,002)	(1,002)	-	-	(893)	(893)
Income (Loss) from continuing operations	\$ 6,278	\$ (2,071)	\$ (2,624)	\$ 1,583	\$ 2,504	\$ (1,239)	\$ (1,981)	\$ (716)
Interest	895	316	-	1,211	659	265	-	924
Taxes	803	-	(565)	238	372	-	(608)	(236)
Depreciation and amortization	171	24	13	208	165	24	16	205
Depreciation and amortization in cost of sales	1,729	1,524	1	3,254	2,486	1,327	-	3,813
EBITDA from continuing operations	9,876	(207)	(3,175)	6,494	6,186	377	(2,573)	3,990
Share based compensation	-	-	415	415	-	-	630	630
Loss on extinguishment of debt	-	-	-	-	-	-	315	315
Adjusted EBITDA from continuing operations	\$ 9,876	\$ (207)	\$ (2,760)	\$ 6,909	\$ 6,186	\$ 377	\$ (1,628)	\$ 4,935
Revenue	54,485	8,230	-	62,715	63,731	9,737	(52)	73,416
	Nine months ended				Nine months ended			
	9/30/19				9/30/18			
	SPEC. PETRO	SPEC. WAX	CORP	TREC	SPEC. PETRO	SPEC. WAX	CORP	TREC
NET INCOME (LOSS)	\$ 17,086	\$ (5,623)	\$ (6,727)	\$ 4,736	\$ 10,402	\$ (2,926)	\$ (4,518)	\$ 2,958
Loss from discontinued operations, net of tax	-	-	(1,120)	(1,120)	-	-	(531)	(531)
Income (Loss) from continuing operations	\$ 17,086	\$ (5,623)	\$ (5,607)	\$ 5,856	\$ 10,402	\$ (2,926)	\$ (3,987)	\$ 3,489
Interest	3,143	967	1	4,111	1,892	802	(77)	2,617
Taxes	3,006	-	(1,594)	1,412	2,387	-	(1,533)	854
Depreciation and amortization	512	72	45	629	492	68	32	592
Depreciation and amortization in cost of sales	7,387	4,223	1	11,611	5,528	3,952	-	9,480
EBITDA from continuing operations	31,134	(361)	(7,154)	23,619	20,701	1,896	(5,565)	17,032
Share based compensation	-	-	973	973	-	-	1,002	1,002
Loss on extinguishment of debt	-	-	-	-	-	-	315	315
Adjusted EBITDA from continuing operations	\$ 31,134	\$ (361)	\$ (6,181)	\$ 24,592	\$ 20,701	\$ 1,896	\$ (4,248)	\$ 18,349
Revenue	171,468	25,773	-	197,241	183,863	29,618	(218)	213,263

