2017 Fourth Quarter
Results Conference Call
February 15, 2018

Notice: This transcript contains references to non-GAAP financial measures. A presentation of the most directly comparable GAAP measures and reconciliations to non-GAAP financial measures used in this presentation is available on our website at genlp.com and click on the non-GAAP Reconciliations icon at the Investor Relations page.

Welcome to the 2017 Fourth Quarter Conference Call for Genesis Energy. Genesis has four business segments. The Offshore Pipeline Transportation Division is engaged in providing the critical infrastructure to move oil produced from the long-lived, world-class reservoirs from the deepwater Gulf of Mexico to onshore refining centers. The Sodium Minerals and Sulfur Services Division includes trona and trona-based exploring, mining, processing, producing, marketing and selling activities, as well as the processing of sour gas streams to remove sulfur at refining operations. The Onshore Facilities and Transportation Division is engaged in the transportation, handling, blending, storage and supply of energy products, including crude oil and refined products. The Marine Transportation Division is engaged in the maritime transportation of primarily refined petroleum products. Genesis' operations are primarily located in Texas, Louisiana, Arkansas, Mississippi, Alabama, Florida, Wyoming and the Gulf of Mexico.

During this conference call, management may be making forward-looking statements within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934. The law provides safe harbor protection to encourage companies to provide forward-looking information. Genesis intends to avail itself of those safe harbor provisions and directs you to its most recently filed and future filings with the Securities Exchange Commission. We also encourage you to visit our website at genesisenergy.com where a copy of the press release we issued today is located. The press release also presents a

reconciliation of non-GAAP financial measures to the most comparable GAAP financial measures.

At this time, I would like to introduce Grant Sims, CEO of Genesis Energy, L.P. Mr. Sims will be joined by Bob Deere, Chief Financial Officer, and Karen Pape, Chief Accounting Officer.

Introduction and Comments on Fourth Quarter 2017

[Grant]

Good morning and welcome to all.

The fourth quarter was an exciting one which included the first full quarter of our recently acquired soda ash operations, the additional long-term commitments for the production from approximately 300,000 acres for downstream transportation on our existing infrastructure in the Powder River Basin, the closing of the sale of our Wink terminal in West Texas and refinancing of our existing 2021 notes effectively extending the term to 2026 and also resulting in the extension of our existing credit facility into May of 2022. We look forward to 2018 and are well positioned to deliver on our previously announced guidance for visible, achievable long term distribution grown and clear path forward to deleveraging.

In keeping with the trend we started last quarter, we will skip the typical quarterly comparison of this quarter to the prior year's quarter and we will attempt to provide a little color around each individual segment, their quarterly results and how we view the short, intermediate and longer term financial performance of the businesses. We think the discussion in the earnings release as will be expanded in our 10-K adequately checks the

box for those comparable period discussions.

Before getting into that, I thought I would make a quick comment regarding the recasting of our non-GAAP measures we referenced in the press release.

In fourth quarter EBITDA and Available Cash, we recognized a 13.6 million dollar gain in excess of net book value on the sale of our Wink terminal to ExxonMobil.

More than offsetting that gain in the quarter was the accrual of 16.8 million of additional G&A expenses, a portion of which related to a non-recurring employee compensation program.

So, everything else the same, EBITDA and Available Cash were both negatively affected by these items on a net basis by 3.2 million.

In the offshore segment, the quarterly results were negatively impacted by Hurricane Nate, which based on its path through the central Gulf had an even bigger disruption on production facilities relevant to us than Hurricane Harvey. These disruptions were temporary in nature with no permanent damage to any of our or our customers key crude oil assets, although one situation which reflects around a million dollars a quarter net to us, is expected to last into the second quarter.

The biggest challenge in the first quarter of 2018 is that there’s only 90 days instead of 92. That alone will cost us approximately 2 million dollars in reportable segment margin for the offshore segment. With that being said, we are excited about 2018 and anticipate active, in-field drilling at several dedicated and connected platforms yielding 2018-2019 production with zero of our capital required. We still expect to move excess volumes from third-party owned and operated pipelines that are anticipated to have insufficient capacity

to move volumes dedicated to their systems during the 2018-2021 time frame. In addition we have executed agreements for two subsea developments being tied back to existing dedicated and connected hubs, one with first delivery in late 2018 and another in mid 2019, both ramping into 2020, with zero of our capital required. To our knowledge Mad Dog 2, a new 140,000 barrel per day facility, which is contracted for delivery to shore through our 100 percent owned Cameron Highway pipeline and requires no capital, is still on schedule for first production in late 2021 or 2022.

In addition, we continue to have active discussions with several other third-party and/or host operated sub-sea, tie-backs to existing dedicated and connected hubs and are responding to RFPs for several new +/- 75 kbd standalone new hub-type developments anticipated to be sanctioned in 2019 or so, with first deliveries in the 2022-2024 time frame.

Turning to our sodium and sulfur segment, we continue to be pleased with our recent acquisition and can report that the production volume in the period was the best 4th quarter production on record (1,072K tons) which resulted in a full year production record (3,977K tons) beating the previous record from 2014. This was all done while reaching the best safety record in Green River's history which is a testament to the quality and commitment of the employees that joined Genesis in the acquisition. The fourth quarter was also positively impacted by higher than expected ANSAC pricing driven by higher than expected Chinese domestic pricing influenced by continued environmental inspections resulting in tightened export supply. Another positive was that the Turkish supply from Kazan did not reliably come on-line on schedule and therefore was unable to backfill the reduced and higher priced exports out of China.

Looking forward, we expect to have strong production in 2018 but you can't expect

to break records every quarter. We anticipate strong Asia ANSAC pricing in 1Q18 and would expect 2018 contribution margin of call it 155-165 million dollars with the range impacted by both the Chinese export price and volume influencing Asia ANSAC pricing and the rate at which Kazan reliably comes on line.

Our historic sulfur or NaHS business continues to do well. With continuing favorable and/or improving macro-economic conditions, we expect the sodium and sulfur businesses to continue to steadily perform with virtually certain modest growth and potentially meaningful growth early next decade.

In onshore facilities and transportation, we are very encouraged by the macro environment ahead of us, specifically as it relates to the material imbalance of pipeline takeaway capacity out of Canada and resulting differentials to the Gulf Coast. The fourth quarter was negatively impacted by the lack of Railroad capacity out of Canada despite the economic conditions to encourage crude by rail movements. We expect this issue to get resolved in the second quarter as the grain harvest comes to an end and the Railroads, underpinned by longer term commitments from shippers, continue to add resources to handle increasing crude by rail volumes throughout 2018 and into 2019.

In Texas City, the fourth quarter physical flow volume was below the contracted take-or-pay levels due to unexpected maintenance and operational issues on a third party pipeline downstream of our Webster delivery point. We would expect this issue to be resolved during the second quarter with volumes ramping back up to expectations throughout the back half of 2018.

We have long maintained that we would expect a ramp in volumes throughout 2018, and it was our belief that it could take until the fourth quarter of 2018 to see the full

contribution from a number of our recent organic opportunities. We still believe that to be the case.

We are excited about our industry leading position in the emerging Powder River Basin and secured additional commitments in the quarter from a leading operator for the production from approximately 300,000 acres for downstream transportation on our existing infrastructure. We continue to pursue additional meaningful dedications and gathering opportunities in and around our existing footprint and are very encouraged by the increasing upstream activity in this stacked pay play.

Turning to marine, our utilization rates, especially in black oil or dirty service remain quite high, but the spot day rates are challenging. As a general proposition, the marine market is over supplied from a capacity point of view, and that's not something that turns around quickly, although it seems from time to time it's bouncing along a bottom. We would not expect a significant change in the supply and demand dynamics in 2018 in either the inland or coastwise markets. Having said that, the marine segment now represents only about 6% of our total quarterly segment margin so a little more back-up, even if it were to occur, is just not that big a deal in the overall scheme of things.

Turning quickly to our financial goals, our calculated coverage of 1.71 exceeded our targeted range of 1.4 to 1.6. Our year end calculated leverage ratio went to 5.34, up slightly from the 5.28 we reported at September 30.

We had a relatively high maintenance capital spend in the quarter. This was driven primarily by the 5 year regulatory dry docking for the American Phoenix and the regulatory dry docking of three of our other ocean going vessels, as well as higher than run rate maintenance spend at our recently acquired soda ash operations in Wyoming.

Additionally, during the quarter we had approximately 45 million dollars of total growth capital, with about 15 being spent in Baton Rouge, as part of our crude export facilities at the port there, about 15 spent in Wyoming, as part of our build out of gathering into our existing regional transmission system in the Powder River Basin, and 10 or so in marine, primarily associated with the delivery of 3 new black oil barges.

We would expect both the maintenance spend and growth spend to meaningfully decrease, especially in the back half of 2018 at the same time as we expect our EBITDA to grow and coverage of our growing distribution to remain robust.

For the coming full year, we would expect to be totally self-funding. In fact, we see a rollover occurring where we will actually pay down debt, a novel concept, and print increasingly higher levels of EBITDA. The combination of these two things, which we believe should accelerate into 2019 and beyond, give us great comfort in our ability to meet the leverage targets at the end of 2018, 19 and 2020 that we laid out last October.

In summary, given our recent and continuing actions to increase liquidity and strengthen our balance sheet, the integration and financial contribution of the soda ash business and the continued ramp up of our recent organic capital program along with contributions from our legacy businesses, we believe we are well positioned for 2018 and beyond to continue to deliver long term value to all stakeholders without ever losing our absolute commitment to safe, reliable and responsible operations.

As always, we would like to recognize the efforts and commitment of all those with whom we are fortunate enough to work.

With that, I'll turn it back to the moderator for any questions.

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