

**GENESIS ENERGY, L.P.**  
**RECONCILIATION OF SEGMENT MARGIN AND ADJUSTED EBITDA TO NET INCOME - UNAUDITED**

*(in thousands)*

	Three Months Ended March 31,	
	2017	2016
Total Segment Margin <sup>(1)</sup>	\$ 138,645	\$ 144,881
Corporate general and administrative expenses	(8,327)	(11,358)
Non-cash items included in general and administrative costs	485	88
Cash expenditures not included in Adjusted EBITDA	587	256
Cash expenditures not included in net income	(28)	(41)
Adjusted EBITDA	131,362	133,826
Depreciation, amortization and accretion	(58,395)	(49,175)
Interest expense, net	(36,739)	(34,387)
Cash expenditures not included in Adjusted EBITDA or net income	(559)	(215)
Adjustment to exclude distributable cash generated by equity investees not included in income and include equity in investees net income	(9,290)	(10,614)
Differences in timing of cash receipts for certain contractual arrangements	2,681	2,842
Other non-cash items	(1,715)	(5,973)
Income tax expense	(255)	(1,001)
Net income attributable to Genesis Energy, L.P.	<u>\$ 27,090</u>	<u>\$ 35,303</u>

(1) See definition of Segment Margin later in this press release.

**GENESIS ENERGY, L.P.**  
**RECONCILIATIONS OF NET INCOME AND NET CASH FLOWS FROM OPERATING ACTIVITIES TO**  
**AVAILABLE CASH BEFORE RESERVES- UNAUDITED**

(in thousands)

	Three Months Ended March 31,	
	2017	2016
	<i>(in thousands)</i>	
Net income attributable to Genesis Energy, L.P.	\$ 27,090	\$ 35,303
Depreciation, amortization and accretion	58,395	49,175
Cash received from direct financing leases not included in income	1,667	1,511
Cash effects of sales of certain assets	1,234	2,974
Effects of distributable cash generated by equity method investees not included in income	9,290	10,614
Expenses related to acquiring or constructing growth capital assets	587	256
Unrealized (gain) loss on derivative transactions excluding fair value hedges, net of changes in inventory value	(959)	2,154
Maintenance capital utilized <sup>(1)</sup>	(2,775)	(1,570)
Non-cash tax expense	205	700
Differences in timing of cash receipts for certain contractual arrangements	(2,681)	(2,842)
Other items, net	978	(481)
Available Cash before Reserves	<u>\$ 93,031</u>	<u>\$ 97,794</u>

(1) Maintenance capital expenditures in the 2017 Quarter and 2016 Quarter were \$8.7 million and \$4.8 million, respectively.

	Three Months Ended March 31,	
	2017	2016
	<i>(in thousands)</i>	
Cash Flows from Operating Activities	\$ 64,605	\$ 41,106
Maintenance capital utilized <sup>(1)</sup>	(2,775)	(1,570)
Proceeds from asset sales	1,234	2,974
Amortization of debt issuance costs and discount	(2,582)	(2,441)
Effects of available cash from joint ventures not included in operating cash flows	5,518	5,788
Net effect of changes in operating accounts not included in calculation of Available Cash before Reserves	29,068	52,067
Non-cash effect of equity based compensation expense	(1,144)	400
Expenses related to acquiring or constructing growth capital assets	587	256
Differences in timing of cash receipts for certain contractual arrangements	(2,681)	(2,842)
Other items affecting available cash	1,201	2,056
Available Cash before Reserves	<u>\$ 93,031</u>	<u>\$ 97,794</u>

(1) Maintenance capital expenditures in the 2017 Quarter and 2016 Quarter were \$8.7 million and \$4.8 million, respectively.

**GENESIS ENERGY, L.P.**  
**RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO ADJUSTED EBITDA -**  
**UNAUDITED**

*(in thousands)*

	Three Months Ended March 31,	
	2017	2016
Cash Flows from Operating Activities	\$ 64,605	\$ 41,106
Interest Expense	36,739	34,387
Amortization of debt issuance costs and discount	(2,582)	(2,441)
Effects of available cash from equity method investees not included in operating cash flows	5,518	5,788
Net effect of changes in components of operating assets and liabilities not included in calculation of Adjusted EBITDA	29,068	52,067
Non-cash effect of equity based compensation expense	(1,144)	400
Expenses related to acquiring or constructing growth capital assets	587	256
Differences in timing of cash receipts for certain contractual arrangements	(2,681)	(2,842)
Other items, net	1,252	5,105
Adjusted EBITDA	<u>\$ 131,362</u>	<u>\$ 133,826</u>

**GENESIS ENERGY, L.P.**  
**ADJUSTED DEBT-TO-PRO FORMA EBITDA RATIO - UNAUDITED**

(in thousands)

	March 31, 2017
Senior secured credit facility	\$ 1,210,000
Senior unsecured notes	1,814,712
Less: Outstanding inventory financing sublimit borrowings	(70,000)
Less: Cash and cash equivalents	(10,773)
Adjusted Debt <sup>(1)</sup>	<u>\$ 2,943,939</u>

	Pro Forma LTM March 31, 2017
LTM Adjusted EBITDA (as reported) <sup>(2)</sup>	\$ 529,767
Acquisitions and material projects EBITDA adjustment <sup>(3)</sup>	31,500
Pro Forma EBITDA	<u>\$ 561,267</u>

Adjusted Debt-to-Pro Forma EBITDA 5.25x

(1) We define Adjusted Debt as the amounts outstanding under our senior secured credit facility and senior unsecured notes (including any unamortized premiums or discounts) less the amount outstanding under our inventory financing sublimit, less cash and cash equivalents on hand at the end of the period.

(2) Last twelve months ("LTM") Adjusted EBITDA. The most comparable GAAP measure to Adjusted EBITDA, Net Income Attributable to Genesis Energy L.P., was \$27.1 million for the first quarter of 2017, \$23.7 million for the second quarter of 2016, \$32.1 million for the third quarter of 2016, and \$29.6 million for the fourth quarter of 2016. Reconciliations of Adjusted EBITDA to net income for all periods presented are available on our website at [www.genesisenergy.com](http://www.genesisenergy.com).

(3) This amount reflects the adjustment we are permitted to make under our credit agreement for purposes of calculating compliance with our leverage ratio. It includes a pro rata portion of projected future annual EBITDA from material projects (i.e. organic growth) and includes Adjusted EBITDA (using historical amounts and other permitted amounts) since the beginning of the calculation period attributable to each acquisition completed during such calculation period, regardless of the date on which such acquisition was actually completed. This adjustment may not be indicative of future results.

This press release includes forward-looking statements as defined under federal law. Although we believe that our expectations are based upon reasonable assumptions, we can give no assurance that our goals will be achieved. Actual results may vary materially. All statements, other than statements of historical facts, included in this press release that address activities, events or developments that we expect, believe or anticipate will or may occur in the future are forward-looking statements, and historical performance is not necessarily indicative of future performance. Those forward-looking statements rely on a number of assumptions concerning future events and are subject to a number of uncertainties, factors and risks, many of which are outside our control, that could cause results to differ materially from those expected by management. Such risks and uncertainties include, but are not limited to, weather, political, economic and market conditions, including a decline in the price and market demand for products, the timing and success of business development efforts and other uncertainties. Those and other applicable uncertainties, factors and risks that may affect those forward-looking statements are described more fully in our Annual Report on Form 10-K for the year ended December 31, 2016 filed with the Securities and Exchange Commission and other filings, including our Current Reports on Form 8-K and Quarterly Reports on Form 10-Q. We undertake no obligation to publicly update or revise any forward-looking statement.

### NON-GAAP MEASURES

This press release and the accompanying schedules include non-generally accepted accounting principle (non-GAAP) financial measures of Adjusted EBITDA and total Available Cash before Reserves. In this press release, we also present total Segment Margin as if it were a non-GAAP measure. Our Non-GAAP measures may not be comparable to similarly titled measures of other companies because such measures may include or exclude other specified items. The accompanying schedules provide reconciliations of these non-GAAP financial measures to their most directly comparable financial measures calculated in accordance with generally accepted accounting principles in the United States of America (GAAP). Our non-GAAP financial measures should not be considered (i) as alternatives to GAAP measures of liquidity or financial performance or (ii) as being singularly important in any particular context; they should be considered in a broad context with other quantitative and qualitative information. Our

Available Cash before Reserves, Adjusted EBITDA and total Segment Margin measures are just three of the relevant data points considered from time to time.

When evaluating our performance and making decisions regarding our future direction and actions (including making discretionary payments, such as quarterly distributions) our board of directors and management team has access to a wide range of historical and forecasted qualitative and quantitative information, such as our financial statements; operational information; various non-GAAP measures; internal forecasts; credit metrics; analyst opinions; performance, liquidity and similar measures; income; cash flow; and expectations for us, and certain information regarding some of our peers. Additionally, our board of directors and management team analyze, and place different weight on, various factors from time to time. We believe that investors benefit from having access to the same financial measures being utilized by management, lenders, analysts and other market participants. We attempt to provide adequate information to allow each individual investor and other external user to reach her/his own conclusions regarding our actions without providing so much information as to overwhelm or confuse such investor or other external user.

## **AVAILABLE CASH BEFORE RESERVES**

### *Purposes, Uses and Definition*

Available Cash before Reserves, also referred to as distributable cash flow, is a quantitative standard used throughout the investment community with respect to publicly traded partnerships and is commonly used as a supplemental financial measure by management and by external users of financial statements such as investors, commercial banks, research analysts and rating agencies, to aid in assessing, among other things:

- (1) the financial performance of our assets;
- (2) our operating performance;
- (3) the viability of potential projects, including our cash and overall return on alternative capital investments as compared to those of other companies in the midstream energy industry;
- (4) the ability of our assets to generate cash sufficient to satisfy certain non-discretionary cash requirements, including interest payments and certain maintenance capital requirements; and
- (5) our ability to make certain discretionary payments, such as distributions on our units, growth capital expenditures, certain maintenance capital expenditures and early payments of indebtedness.

We define Available Cash before Reserves as net income as adjusted for specific items, the most significant of which are the addition of certain non-cash gains or charges (such as depreciation and amortization), the substitution of distributable cash generated by our equity investees in lieu of our equity income attributable to our equity investees (includes distributions attributable to the quarter and received during or promptly following such quarter), the elimination of gains and losses on asset sales (except those from the sale of surplus assets), unrealized gains and losses on derivative transactions not designated as hedges for accounting purposes, the elimination of expenses related to acquiring or constructing assets that provide new sources of cash flows and the subtraction of maintenance capital utilized, which is described in detail below.

### *Disclosure Format Relating to Maintenance Capital*

We use a modified format relating to maintenance capital requirements because our maintenance capital expenditures vary materially in nature (discretionary vs. non-discretionary), timing and amount from time to time. We believe that, without such modified disclosure, such changes in our maintenance capital expenditures could be confusing and potentially misleading to users of our financial information, particularly in the context of the nature and purposes of our Available Cash before Reserves measure. Our modified disclosure format provides those users with information in the form of our maintenance capital utilized measure (which we deduct to arrive at Available Cash before Reserves). Our maintenance capital utilized measure constitutes a proxy for non-discretionary maintenance capital expenditures and it takes into consideration the relationship among maintenance capital expenditures, operating expenses and depreciation from period to period.

### *Maintenance Capital Requirements*

#### **Maintenance Capital Expenditures**

Maintenance capital expenditures are capitalized costs that are necessary to maintain the service capability of our existing assets, including the replacement of any system component or equipment which is worn out or obsolete. Maintenance capital expenditures can be discretionary or non-discretionary, depending on the facts and circumstances.

Initially, substantially all of our maintenance capital expenditures were (a) related to our pipeline assets and similar infrastructure, (b) non-discretionary in nature and (c) immaterial in amount as compared to our Available Cash before Reserves measure. Those historical expenditures were non-discretionary (or mandatory) in nature because we had very little (if any) discretion as to whether or when we incurred them. We had to incur them in order to continue to operate the related pipelines in a safe and reliable manner and consistently with past practices. If we had not made those

expenditures, we would not have been able to continue to operate all or portions of those pipelines, which would not have been economically feasible. An example of a non-discretionary (or mandatory) maintenance capital expenditure would be replacing a segment of an old pipeline because one can no longer operate that pipeline safely, legally and/or economically in the absence of such replacement.

As we exist today, a substantial amount of our maintenance capital expenditures from time to time will be (a) related to our assets other than pipelines, such as our marine vessels, trucks and similar assets, (b) discretionary in nature and (c) potentially material in amount as compared to our Available Cash before Reserves measure. Those expenditures will be discretionary (or non-mandatory) in nature because we will have significant discretion as to whether or when we incur them. We will not be forced to incur them in order to continue to operate the related assets in a safe and reliable manner. If we chose not to make those expenditures, we would be able to continue to operate those assets economically, although in lieu of maintenance capital expenditures, we would incur increased operating expenses, including maintenance expenses. An example of a discretionary (or non-mandatory) maintenance capital expenditure would be replacing an older marine vessel with a new marine vessel with substantially similar specifications, even though one could continue to economically operate the older vessel in spite of its increasing maintenance and other operating expenses.

In summary, as we continue to expand certain non-pipeline portions of our business, we are experiencing changes in the nature (discretionary vs. non-discretionary), timing and amount of our maintenance capital expenditures that merit a more detailed review and analysis than was required historically. Management's recently increasing ability to determine if and when to incur certain maintenance capital expenditures is relevant to the manner in which we analyze aspects of our business relating to discretionary and non-discretionary expenditures. We believe it would be inappropriate to derive our Available Cash before Reserves measure by deducting discretionary maintenance capital expenditures, which we believe are similar in nature in this context to certain other discretionary expenditures, such as growth capital expenditures, distributions/dividends and equity buybacks. Unfortunately, not all maintenance capital expenditures are clearly discretionary or non-discretionary in nature. Therefore, we developed a measure, maintenance capital utilized, that we believe is more useful in the determination of Available Cash before Reserves. Our maintenance capital utilized measure, which is described in more detail below, constitutes a proxy for non-discretionary maintenance capital expenditures and it takes into consideration the relationship among maintenance capital expenditures, operating expenses and depreciation from period to period.

### **Maintenance Capital Utilized**

We believe our maintenance capital utilized measure is the most useful quarterly maintenance capital requirements measure to use to derive our Available Cash before Reserves measure. We define our maintenance capital utilized measure as that portion of the amount of previously incurred maintenance capital expenditures that we utilize during the relevant quarter, which would be equal to the sum of the maintenance capital expenditures we have incurred for each project/component in prior quarters allocated ratably over the useful lives of those projects/components.

Because we did not initially use our maintenance capital utilized measure, our future maintenance capital utilized calculations will reflect the utilization of solely those maintenance capital expenditures incurred since December 31, 2013.

## **ADJUSTED EBITDA**

### *Purposes, Uses and Definition*

Adjusted EBITDA is commonly used as a supplemental financial measure by management and by external users of financial statements such as investors, commercial banks, research analysts and rating agencies, to aid in assessing, among other things:

- (1) the financial performance of our assets without regard to financing methods, capital structures or historical cost basis;
- (2) our operating performance as compared to those of other companies in the midstream energy industry, without regard to financing and capital structure;
- (3) the viability of potential projects, including our cash and overall return on alternative capital investments as compared to those of other companies in the midstream energy industry;
- (4) the ability of our assets to generate cash sufficient to satisfy certain non-discretionary cash requirements, including interest payments and certain maintenance capital requirements; and
- (5) our ability to make certain discretionary payments, such as distributions on our units, growth capital expenditures, certain maintenance capital expenditures and early payments of indebtedness.

We define Adjusted EBITDA ("Adjusted EBITDA") as net income or loss plus net interest expense, income taxes, non-cash gains and charges (other than certain non-cash equity based compensation expense), depreciation and amortization plus other specific items, the most significant of which are the addition of cash received from direct financing leases not included in income, expenses related to acquiring assets that provide new sources of cash flow and the effects of available cash generated

by equity method investees not included in income. We also exclude the effect on net income or loss of unrealized gains or losses on derivative transactions.

## **SEGMENT MARGIN**

Our chief operating decision maker (our Chief Executive Officer) evaluates segment performance based on a variety of measures including Segment Margin, segment volumes where relevant and capital investment. We define Segment Margin as revenues less product costs, operating expenses (excluding non-cash gains and charges, such as depreciation, amortization and accretion), and segment general and administrative expenses, plus our equity in distributable cash generated by our equity investees. In addition, our Segment Margin definition excludes the non-cash effects of our legacy stock appreciation rights plan and unrealized gains and losses on derivative transactions not designated as hedges for accounting purposes. Our Segment Margin definition also includes the non-income portion of payments received under direct financing leases.

###

Contact:  
Genesis Energy, L.P.  
Bob Deere  
Chief Financial Officer  
(713) 860-2516