2025 First Quarter
Results Conference Call
May 8, 2025

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.

Good morning and welcome to the 2025 First Quarter Conference Call for Genesis Energy. Genesis Energy has three business segments. The offshore pipeline transportation segment is engaged in providing the critical infrastructure to move oil produced from the long-lived, world-class reservoirs from the deepwater Gulf of America to onshore refining centers. The marine transportation segment is engaged in the maritime transportation of primarily refined petroleum products. The onshore transportation and services segment is engaged in the transportation, handling, blending, storage and supply of energy products, including crude oil and refined products primarily around refining centers, as well as the processing of sour gas streams to remove sulfur at refining operations. Genesis' operations are primarily located in the Gulf Coast States and the Gulf of America.

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 this morning 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 Kristen Jesulaitis, Chief Financial Officer and Chief Legal Officer, Ryan Sims, President and Chief Commercial Officer and Louie Nicol, Chief Accounting Officer.

[Grant]

Good morning to everyone… and thanks for listening to the call.

As we mentioned in our earnings release this morning, the first quarter was indeed a busy quarter. It was kind of a "re-transformational" quarter for Genesis, as we successfully exited our soda ash business… and used the net proceeds to simplify our balance sheet and significantly reduce the future cash costs of running our remaining businesses. Now that we have reached that targeted inflection point… where we will be in position to generate cash in excess of our cash expenses… and when combined with our refocused effort on the traditional midstream energy space…we believe we are now even better positioned to create long-term value for all of our stakeholders in future periods.

As we look forward, I could not be more excited about what lies ahead for Genesis. Our offshore expansion projects… supported by contracts executed in August of 2021 and April of 2022… are very nearly complete… and will soon be ready for first production from both Shenandoah and Salamanca over the coming months. As stated in our earnings release, the Shenandoah floating production unit was successfully moored to the sea floor in the Walker Ridge area of the Gulf of America in mid-April… and we remain on schedule to commission our new, one-hundred percent owned, SYNC pipeline towards the end of this month… in advance of expected first oil sometime in June…with all such oil continuing to shore through our sixty-four percent owned and operated CHOPS pipeline. The Salamanca FPU recently completed its final safety and operational checks. It sailed from Ingleside, Texas approximately two weeks ago… and is anticipated to arrive at its final location in Keathley Canyon any day now. Upon its arrival, we will work closely with LLOG… to finalize their connection to our one-hundred percent owned SEKCO pipeline…in advance of expected first oil some four to six weeks after Salamanca starts up. All oil from Salamanca will continue onto shore through our sixty-four percent owned and operated Poseidon Oil Pipeline.

We continue to believe these two new stand-alone production facilities… and their combined almost 200,000 barrels of oil per day of incremental production handling capacity…will ramp very quickly and will likely reach their anticipated initial production levels by the end of the year…if not sooner. This will represent a significant… stepwise change… in the financial contribution from our offshore pipeline transportation segment. There is no doubt in my mind that both the Shenandoah and Salamanca FPUs will be an integral part of the Genesis story over the coming decades. When combined with the steady performance from our other two segments… and the significant cash savings realized from the sale of our soda ash business… we believe this increasing… free cash flow profile… puts Genesis in a relatively unique and enviable position within the midstream space, especially for small to mid-cap midstream enterprises.

With that… I will go into a little more detail for each of our business segments.

As mentioned in our earnings release, several of our producer customers continue to experience mechanical issues that are affecting production from various wells at three of the major fields that are connected to our offshore infrastructure. The producers involved have all been increasingly transparent with their public disclosures… and we can confirm that all have deepwater drilling rigs on location that are actively working to restore production from these affected wells… as well as drilling new in-field development wells. We continue to see progress on these repairs… as evidenced with the exit rate volumes in the first quarter being greater… when compared to the exit rate volumes of the fourth quarter. Based on what we know today… we would reasonably expect to see this trend continue in the coming months with expected volume levels returning to… or near… normalized levels as we exit the second quarter… or at the absolute latest…sometime in the third quarter.

While these extended mechanical issues have been unfortunate, our offshore team continues to focus on the things we can control. We continue to have an active dialogue and robust commercial discussions with multiple producers regarding additional in-field, sub-sea and/or secondary recovery development opportunities that could turn to additional volumes on both our pipeline laterals and pipelines to shore. Along these lines… we are finalizing agreements with an operator to provide downstream oil transportation for a new subsea development… with first oil scheduled for late second quarter. This single well is expected to produce in the range of 8,000 to 10,000 barrels of oil equivalent per day and will be tied back to an existing floating production unit in approximately 1,500 feet of water. This is yet another example of the continued generation of smaller… but meaningful and increasingly economic… tie-back opportunities in the central Gulf of America that continue to leverage existing platform and pipeline infrastructure. We have been told by various operators to expect at least six more of these in-field… or tie-back wells… to come online before the end of the year…all with a capital requirement to us of ZERO! This type of activity typically offsets the decline from more mature wells and fields…making new developments like Shenandoah and Salamanca truly additive… and incremental… to our expected financial results.

I want to add a little third-party color around some of the comments we made in the earnings release regarding the relatively low commodity price environment and near-term activity in the Gulf. Just last week, Chevron… one of the most active operators in the Gulf of

America…and which also happens to be one of the largest landowners and leaseholders in the Permian basin…was asked on their quarterly earnings call to comment on the cost structure and breakeven analysis of the deepwater versus onshore shale. Their response was basically that they have driven breakeven costs in the deepwater to a point where they intend to continue to allocate significant capital to grow their production from the deepwater…they had to… because of their opportunity set in their onshore shale position. Just a couple of days ago, Talos highlighted on their earnings call that the break evens for their slate of projects this year… a couple of which we will see moving through our pipelines… had a breakeven of $30 to $40 per barrel that allows them to… quote, unquote… "have robustness against this current price environment."

All in all…I think it is safe to say that deepwater projects…while larger and longer cycle from an upfront capital perspective… will prove to be substantially more resilient during times of lower or uncertain prices… given the twenty, thirty, forty plus year design life producers consider when making these investment decisions. There is increasing evidence that the deepwater clearly stacks up very well… and in some cases might be superior to onshore shale plays… especially given technological advancements where the industry is seeing recoveries reach in excess of fifty million barrels… PER wellbore!

As you know, there have already been numerous onshore operators that have come out this earnings season and announced they were laying down rigs… or slowing their current pace of development onshore… due to the current pricing environment. No deepwater producers… that we are aware of…have announced any such actions.

As we look beyond the next two to three years, we were encouraged to see the Department of Interior announce the commencement of the eleventh national outer continental shelf oil and gas leasing program in mid-April. Additionally, the Department of Interior recently announced they will be implementing new permitting procedures to accelerate the development of domestic energy resources and critical minerals. These measures are designed to expedite the review and approval, if appropriate, of projects related to the leasing, siting, production, transportation, refining, or generation of energy within the United States. According to a press release issued by the Department of Interior on April 23rd, the new permitting procedures are envisioned to take a heretofore multi-year process down to just 28 days.

While we do not reasonably expect to see any actionable new developments or tie-back opportunities in the next few years from this new leasing program, the accelerated permitting schedule and reduced timelines could bring forward opportunities that might have been slated for the end of the decade or even later. Regardless, we believe we have decades of opportunities under existing, valid leases. I might point out that ten of the twenty-two active deepwater drilling rigs currently working in the Gulf of America are working on leases ALREADY contractually dedicated to our pipeline infrastructure… and one is working on a lease that would logically come through us if it's commercially successful…not a bad place to be from our perspective. It says a lot about our strategically positioned…and practically irreplaceable…infrastructure in the central Gulf of America.

Our marine transportation segment performed in-line with our expectations…and we are on pace to post record earnings from this segment in 2025. Market conditions for Jones Act tonnage remain constructive…with the consistent theme of little to no significant new construction and reasonably steady demand from our refinery and terminal customers. On the supply side we believe this trend of flat to lower available capacity will continue across the market for the foreseeable future as more and more older barges are candidates for retirement… and there are limited options for new construction. In addition to fewer and fewer shipyards available to build a new brown water tank barge… the combination of the increased cost of steel and a limited labor pool to build such equipment… is not only making the cost of a new thirty thousand barrel heated tank barge cost prohibitive… but new deliveries are being pushed out at least until late 2026 at the earliest…and that is if you ordered one today. As you can imagine…the estimated costs and timeline for delivery for any larger equipment…in the same class as our offshore fleet and/or the American Phoenix… are even more challenging than in the inland world.

On the demand side, we continue to monitor Gulf Coast and Mid-West refinery utilization… as that is the primary driver of activity levels for our brown water fleet. While we did see a little softness in the first part of the year…which is not atypical after year-end…we are now past that …and we have seen Gulf Coast refinery utilization recover, over the last several months, from approximately eighty percent in January to roughly ninety-four percent in late April. This additional activity will continue to support the need to move heavy and intermediate products within our heater barges from location to location. Demand for moving petroleum products from the Gulf Coast to the East and Mid-Atlantic markets remains steady… and we would expect this trend to continue given the lack of adequate regional refining capacity in those markets.

All of this is to say… we believe the structural tailwinds in the Jones Act world today… combined with our diversified fleet… and layered term contract portfolio… will continue to support steady… if not marginally increasing… financial contributions from our marine transportation segment for the foreseeable future.

Switching briefly to our onshore business. I wanted to make sure everyone saw that we recently consolidated our legacy refinery services business… which was not a part of the sale of our soda ash business…with our legacy onshore facilities and transportation segment under one umbrella. We are now referring to it as our onshore transportation and services segment…or OTS segment. Our OTS segment is very refinery centric… as we provide the critical last movements of crude oil and/or intermediate products into… or out of… major refining centers… along with critical sour gas processing services to help our host refineries lower their emissions and remove sulfur from their final refined products. During the quarter, we saw steady volumes across our systems… and we continue to expect to see a marginal increase in volumes at both our Texas City and Raceland terminals… and their complimentary pipeline interconnects… as our two new offshore projects commence production in the next few months… and flow downstream on our CHOPS and Poseidon pipelines to shore. In addition, our host refineries performed in line with our expectations and provided us with adequate sour gas volumes that allowed us to produce the necessary sodium hydrosulfide (NaHS) volumes demanded by our mining and pulp and paper customers.

In closing…the management team and I could not be more excited with how Genesis is positioned for the remainder of 2025 and into 2026 and beyond. The anticipated increase in segment margin contribution from our two new offshore developments… combined with the cash costs of running and sustaining our business having ALREADY been reduced to approximately $425 to $450 million per year… should allow us to start harvesting significant… and growing…free cash flow in the quarters and years ahead. We plan to implement a capital allocation strategy that deploys the anticipated excess cash flow across a three-pronged approach including continuing to redeem more of our high-cost 11.24% preferred units… paying down debt in absolute terms…or buying back unsecured bonds in the open market …and ultimately returning capital to our unit holders in one form or another. As we are successful in harvesting more of the corporate preferred units and paying down debt… we will further reduce the ongoing cash cost of running and sustaining the business… which will only accelerate our financial flexibility…and allow us to achieve our targeted bank calculated leverage ratio… and ultimately return more capital to our unitholders in the form of distribution growth, unit buybacks, or both……ALL while maintaining the financial flexibility to capitalize on new commercial opportunities as they might ultimately arise.

Finally, I would like to say that the management team and the board of directors remain steadfast in our commitment to building long-term value for all our stakeholders…regardless of where you are in the capital structure. We believe the decisions we are making reflect this commitment and our confidence in Genesis moving forward. I would once again like to recognize our entire workforce for their individual efforts and unwavering commitment to safe and responsible operations. I am extremely proud to be associated with each and every one of you.

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

##################################