2023 Fourth Quarter
Results Conference Call
February 15, 2024

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 2023 Fourth Quarter Conference Call for Genesis Energy. Genesis Energy has four 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 Mexico to onshore refining centers. The soda and sulfur services segment 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 segment is engaged in the transportation, handling, blending, storage and supply of energy products, including crude oil and refined products. The marine transportation segment is engaged in the maritime transportation of primarily refined petroleum products. Genesis' operations are primarily located in Wyoming, the Gulf Coast States 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 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 thank you for listening to the call.

As we mentioned in our earnings release this morning, our financial results for the fourth quarter came in ahead of our internal expectations… and the performance of our diversified market leading businesses helped contribute towards a RECORD year for Genesis. For the full year we reported Adjusted EBITDA of $756 million, which was above the top end of our most recent full year guidance range and is approximately 11% over our normalized 2022 results.

During the quarter our offshore pipeline transportation segment benefited from steady and increasing volumes through our pipelines, while our marine transportation segment continued to exceed expectations, driven in large part by the continued structural tightness in the Jones Act market. Our soda ash business finished off the best year in its history… and continued to perform in-line with our expectations during the quarter, despite softer soda ash prices and a more challenging macro environment in the back half of the year. This strong consolidated financial performance in the fourth quarter resulted in our leverage ratio, as calculated by our senior secured lenders, ending the quarter and the year at 3.96 times… as well as a coverage ratio for the current distribution to all our common unitholders of 4.8 times.

As we look ahead to 2024, we remain encouraged with the fundamentals and exciting prospects for our largest business in the Gulf of Mexico. Our offshore pipeline transportation contribution is expected to be flat year-over-year given a certain economic step-down associated

with the 10-year anniversary of an existing, one-off, life-of-lease transportation contract that will somewhat sequentially mask the financial contribution from the continued growth in volumes and strong activity levels around our irreplaceable assets. Importantly, we are now a short time away from completing the CHOPS expansion and commissioning our new SYNC pipeline. The fully contracted upstream developments underpinning these investments, Shenandoah and Salamanca, along with other already identified sub-sea tiebacks that are expected to come on-line, will provide us with more than an incremental $100 to $110 million of annual offshore segment margin when fully ramped…and would be reasonably expected to contribute for decades and decades to come.

The soda ash market remains looser than a year ago and is currently consistent with the macro conditions we saw and previously discussed in the back half of last year. While we expect to see contract prices in our domestic market flat… to slightly up in the mid-single digits… year over year… it's most likely that we see weaker pricing in our export markets in '24 versus our average realized prices last year. Even with an optimized Granger online, we would therefore reasonably expect the contribution margin from our soda ash business to be at or near the low end of our previously provided historical contribution margin range of $200 - $300 million per year.

Having said that, we are of the mindset that the market is not as oversupplied as some might argue. We believe inventories are very low… demand is not really that bad… driven in large part by demand for solar panels and electric vehicles… and that the market might be underestimating the effects of reduced synthetic soda ash production and the change in physical flows of soda ash supplies we are seeing worldwide. We continue to anticipate as we move through '24 and certainly into '25 that the soda ash export markets in which we primarily compete…namely Asia outside of China and Latin America… could fairly quickly come into better balance… which should help our soda ash business return to a more normalized mid-cycle earnings profile starting as early as 2025.

In our marine transportation segment, we expect 2024 to be another strong…if not record year… driven in large part by the continuing tight supply and demand dynamics in the Jones Act market. This structural backdrop is expected to continue to support increasing day rates… and full practical utilization… across all classes of our marine vessels throughout 2024.

Based on the backdrop currently expected in 2024, we expect to generate Adjusted EBITDA this year in the range of $680 - $740 million, which includes approximately $10 million of one-time incremental G&A costs… as we conform our short-term cash incentive programs to industry standards… and approximately $10 million of reduced margin from weather related events we budget for in the third quarter…something we fortunately did NOT experience in 2023. The range of outcomes we have laid out for 2024 will be driven primarily by the pace at which soda ash prices recover in our export markets throughout the year. The mid-point of our guidance range assumes a moderate recovery starting in the middle of the year, while the book ends of the range assume little to no recovery from the first quarter and a much faster recovery in the back half of the year, respectively. Despite the mid-point being marginally down versus our 2023 results… but still 5 percent or so above normalized 2022 earnings… it is important to remember that we have always viewed 2024 as the year during which we will reach the inflection point where our major capital spending will be complete… and we will enter 2025 with a known and contracted significant step change in earnings from the offshore as well as likely momentum back towards a mid-cycle soda ash environment. The combination of these events will provide us with increasing amounts of free cash flow… after all our cash obligations… and generate increased financial flexibility to continue to simplify our capital structure, return capital to our stakeholders and ultimately allow us to continue to build long-term value for everyone in the capital structure for many years ahead.

Now I will touch briefly on our individual business segments.

Our offshore pipeline transportation segment continued to perform in-line with our expectations, driven in large part by steady and marginally increasing volumes across our system. We continued to see a steady increase in volumes from BP's Argos facility, which is now producing over 100,000 barrels per day, along with steady volumes from Mad Dog, Atlantis, King's Quay, Spruance, Katmai, Shenzi, Constitution, Lucius and other major producing fields in the Central Gulf of Mexico.

We also announced this morning that we recently entered into agreements with Beacon and other interest owners to provide downstream transportation services for 100% of the crude oil associated with the deepwater Gulf of Mexico Winterfell development on our CHOPS pipeline to shore. Winterfell will be developed via a new subsea tieback to the existing Heidelberg spar and importantly will require no capital by Genesis, which is anticipated to provide deliveries as early as April this year. In addition to Winterfell, BP and other working interest owners in the Mad Dog 2 field also recently sanctioned the Mad Dog / Argos Southwest Extension project. This will be a three well tie back to the existing Argos production facility that will come on-line and provide additional volumes on our CHOPS system for transportation to shore in the not-too-distant future.

These are both yet again exciting and prime examples of sub-sea tiebacks that leverage an existing host platform that is already connected to our market leading infrastructure in the Central Gulf of Mexico. While we continue to have additional commercial discussions with multiple similar opportunities that could turn to additional volumes over the next few years, all of these recent new facilities like Shenandoah and Salamanca and other developments that have… or soon will be connected to our system over the next 12-18 months… will continue to provide Genesis with a solid foundation of volume growth to build upon starting in 2025.

As we look out past 2025, we would be remis to not mention the results of the BOEM's most recent lease sale number 261, which was held on December 20, 2023. The results of the lease sale continue to solidify our and the upstream industry's belief and view that there remains significant long-term interest in the geographies of the central Gulf of Mexico where our existing pipeline infrastructure is located. The most recent lease sale raised approximately $381 million dollars in high bids for 311 tracks covering roughly 1.7 million acres in federal waters of the Gulf of Mexico, with about half of that, or 883,000 acres located in the central Gulf of Mexico.

When combined with the results from lease sale 259, which was held in March 2023, we have seen over 3.4 million acres leased in federal waters of the Gulf of Mexico with approximately 1.6 million acres leased in the central Gulf of Mexico where our pipelines are located. Suffice it to say, the results from these two most recent lease sales will only be additive to the decades and decades of inventory that already exist on existing and valid leases in the central Gulf.

The combination of our continually increasing base of production volumes, the contracted opportunities we have coming on-line over the next twelve months and the ever expanding backlog of available acreage for producers to identify, explore, pursue and develop incremental opportunities will allow us to remain well positioned to deliver steady, stable and growing cash flows from our offshore pipeline transportation segment for many…many…years and decades to come.

Turning now to our soda and sulfur services segment. Our soda ash business generally performed in-line with our expectations during the quarter as the global macro conditions remained relatively consistent with the sloppiness we first started to see in mid-second quarter of 2023. Despite the current challenging supply and demand dynamic, we continue to believe the market is not as far away, as it might seem, from balancing… and that any sort of structural demand uptick

or supply disruption could drive a rapid price response.

As we mentioned last quarter, we continue to believe it will be a combination of supply rationalization and a demand recovery that will ultimately help balance the market. In fact, we are starting to see glimpses of this balancing to occur. For instance, within China, the new natural production facility in Inner Mongolia is reported to be up and running at or near full capacity. Despite headlines around the real estate sector in China, we believe the demand for soda ash in China grew around 7% in 2023, driven primarily by solar panel construction and electric vehicle manufacturing. We also believe approximately 2 to 3 million tons of high-cost synthetic production in mainland China has been partially shutdown or is capacity constrained due to environmental issues or other factors.

These data points would lead us to believe that the market within China is reasonably balanced today and the vast majority of the new natural production is in fact being consumed and absorbed within China… putting pressure on higher cost synthetic producers within China. Export data does not support the notion of a wave of Chinese soda looking for a home in other Asian economies. In fact, late last year and here in the first quarter, given where prices were… and are domestically in China… certain natural soda ash producers started to rotate production away from Europe and Southeast Asia and sold volumes into China directly to capture higher realized netback prices.

As we look outside of China, we continue to believe certain other synthetic production facilities are uneconomic at these pricing levels and those producers are unable to cover their marginal operating costs… and as a result, we could continue to see further synthetic supply rationalization. For example, a certain European synthetic producer recently shuttered 300 thousand tons of annual supply in Spain to optimize its production and adapt to changing market

dynamics. Further, third-party research is estimating that approximately 150 thousand tons will come off-line this year from a producer in the United States (not us). We further anticipate approximately 300 thousand tons will leave Southeast Asia and return to Europe to take advantage of its logistical advantages… and to avoid certain problematic shipping lanes that are further increasing transportation costs and impacting supply chain logistics for such tons to go from Europe to Asia. All of these data points indicated to us that the export markets in which we compete could dramatically tighten…and quite possibly sooner rather than later.

As we stated in our earnings release, we reached substantial completion and commissioned our Granger expansion project during the fourth quarter. While we continue to work through typical start-up matters, we ultimately expect the expansion to add upwards of approximately 750,000 tons a year…with a very attractive marginal operating cost per ton… to our supply capabilities in 2024. This will both increase our sales volumes and lower our operating costs per ton at Granger and throughout our entire soda ash operations, ultimately helping us offset some of the impacts of lower soda ash prices. Pro-forma for the Granger expansion, we continue to believe our 4.7 – 4.8 million tons of annual soda ash production will provide us with the cost structure and scale to be successful across all economic cycles as one of the largest and lowest cost suppliers in the world. Not a bad place to be for a commodity, which yes… has some pricing volatility…but has no known substitutes and solid long-term fundamentals for many decades to come. It is interesting to note that with an optimized Granger facility, if soda ash prices were to return to actual prices we received in 2023… or 2022 for that matter… we would expect to realize well north of $300 million a year in contribution from this business.

Our marine transportation segment continues to meet or exceed our expectations as market conditions and demand fundamentals continue to remain steady. As mentioned in the release, we

continue to operate with utilization rates at or near 100 percent of practical available capacity for all classes of our vessels as the supply and demand outlook for Jones Act tankage remains structurally tight. This structural change in market dynamics has been driven by a combination of steady and robust demand…the continued retirements of older equipment…and effectively zero new construction of our types of marine vessels. This lack of new supply of marine tonnage, combined with steady-to-increasing demand continues to drive spot day rates and longer-term contracted rates in both of our fleets to record levels. In addition, I'm happy to report that we also started the American Phoenix's most recent charter a few weeks ago, at a day rate approximately 22% higher than the day rate in the fourth quarter, which I will remind you also escalates for the term of the agreement, for the next 3 and a half years.

Based on recent industry commentary and various market data points, we continue to have the view that current day rates need to continue to rise significantly in order to rationalize the construction of new comparable marine equipment. Furthermore, limited shipyard availability, extended construction timelines and the increasingly high cost of construction should provide support for elevated and marginally increasing day rates for many years ahead. These broader fundamentals… combined with our increasingly termed out contracted portfolio… including the new three-and-a-half-year contract for the American Phoenix I referenced …all lead me to believe our marine transportation segment is well positioned to deliver record and growing earnings over the coming years.

As I mentioned earlier…and will reiterate again…the long-term story for Genesis has never been brighter and remains totally in-tact. We remain focused on completing our growth capital program in the next 9 to 12 months… all while having have no debt maturities until 2026 and an increasingly clear line of sight to generating roughly 250 to 350 million…or more… of free cash

flow on an annualized basis after all cash obligations starting in 2025. I would also point out that this expectation remains on track…EVEN IF… it might take a little bit longer than we expect for the inevitable recovery in soda ash export prices off the lows we're seeing here in early 2024.

We will continue to evaluate the various levers we can pull to return this capital to our stakeholders… including paying down debt…raising our common distribution… repurchasing additional amounts of our corporate preferred security… continuing to purchase our common units… or any mis-priced debt securities… all while maintaining an appropriate level of liquidity… and of course… maintaining a focus on our long-term leverage ratio.

Finally, I would like to say the management team and the board of directors remain steadfast in our commitment to building long-term value for all our stakeholders, and 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.

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