2016 Fourth Quarter
Results Conference Call
February 16, 2017

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 2016 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 Refinery Services Division primarily processes sour gas streams to remove sulfur at refining operations. The Marine Transportation Division is engaged in the maritime transportation of primarily refined petroleum products. The Supply and Logistics Division is engaged in the transportation, handling, blending, storage and supply of energy products, including crude oil and refined 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 2016

[Grant]

Good morning and welcome to everyone.

Given the continuing challenging operating environment in the energy midstream space, we continue to be pleased with the financial performance of our diversified, yet increasingly integrated, businesses.

Our significant infrastructure projects in the Baton Rouge area were substantially completed in the fourth quarter, and we would expect to see contributions from these projects to continue to ramp throughout this year and into next. We now anticipate completing our repurposing project in Texas in the second quarter of 2017, and again, we would expect to see contributions ramping throughout this year and into 2018. At Raceland, we would expect to see volumes start to ramp in mid-2017 as we will be fully capable of receiving medium sour crudes via pipeline and terminaling heavy crudes via rail.

While we are a bit behind schedule and might arguably have a slightly slower ramp from these major investments, we are very excited and have many reasons to believe that we will ultimately exceed our average base case economics across the projects. The momentum for the rest of this and into next year positions us to do reasonably well even if things don't get better in late 2017 or 2018, as some predict or continue to hope for. Given our recent and continuing actions to increase liquidity and strengthen our balance sheet, we believe we are well positioned to continue to deliver long term value to all of our stakeholders without ever losing our absolute commitment to safe, reliable and responsible operations.

With that, I'll turn it over to Bob to discuss this stand-alone quarter's results in more detail.

Results of Operations

Comparison of Fourth Quarter 2016 to 2015

[Bob]

Thank you, Grant

In the fourth quarter of 2016, we generated total Available Cash before Reserves of $95.4 million, representing a decrease of $6.9 million, or 7%, over the fourth quarter of 2015. Adjusted EBITDA decreased $4.5 million over the prior year quarter to $133.1 million, representing a 3% decrease.

Net income attributable to Genesis for the quarter was $22.1 million, or $0.19 per unit, compared to $27.4 million, or $0.25 per unit, for the same period in 2015.

As we discussed earlier today in our earnings release, we have combined our onshore pipeline segment with our supply and logistics segment. This reporting is consistent with the way management is evaluating our business on an ongoing basis and is reflective of the increasingly integrated nature of many of our operations such as our recently completed infrastructure near Baton Rouge.

Segment Margin from our Offshore Pipeline transportation segment increased $10.7 million, or 14%, between the fourth quarter periods. Overall, our offshore pipeline operations benefited from the general increase in the Gulf of Mexico production. The increase was the result of 2016 drilling activity which predominantly occurred near existing infrastructure due to the attractive economics in current pricing conditions. Our extensive pipeline network benefited ratably from this activity. In addition, the 2016 Quarter benefited from the temporary diversion of natural gas volumes from third party gas pipelines onto our gas pipeline assets due to disruptions at onshore processing facilities where such volumes typically flow.

Refinery services Segment Margin for the 2016 Quarter decreased $2.3 million, or 11%. This is primarily due to a 6% decrease in NaHS sales volumes relative to the 2015 Quarter. This decrease is principally related to lower sales volumes to our South American mining customers during the 2016 Quarter. Sales volumes between quarters to customers in South America can fluctuate due to the timing of third party vessels available to transport bulk deliveries. The pricing in our sales contracts for NaHS typically includes adjustments for fluctuations in commodity benchmarks (primarily caustic soda), freight, labor, energy costs and government indexes. The frequency at which those adjustments are applied varies by contract, geographic region and supply point. The mix of NaHS sales volumes to which we are able to apply such adjustments vary due to timing or other factors such as competitive pressures, which had a negative effect on margin from NaHS sales for the 2016 Quarter. We expect those other factors to continue.

Segment Margin from our Marine transportation segment decreased $7.3 million or 31%, between the fourth quarter periods. The decrease in Segment Margin is primarily due to a combination of lower utilization and lower day rates across our various marine asset classes, excepting the M/T American Phoenix which is under long term contract through September 2020. In our offshore barge fleet, a number of our units have come off longer term contracts. We have chosen to primarily place them in spot service or short-term service (i.e. less than a year). We believe the day rates currently being offered by the market are at, or approaching, cyclical lows. In our inland fleet, we saw somewhat of a strengthening in utilization and stabilization in spot day rates towards the end of the year, especially in the black oil, or heavy, intermediate refined products trade, the trade to which we have almost exclusively committed our inland barges.

Supply and logistics Segment Margin decreased by $3.4 million, or 15%, between the fourth quarter periods. This was primarily the result of a reduction in pipeline volumes to the Texas City refining market on our Texas pipeline system. Our historical customers in Texas City have made indefinite alternative arrangements to receive crude oil as a result of our endeavors to expand, extend and repurpose our facilities into longer lived, higher value service. We expect to complete this repurposing in the second quarter of 2017. This decrease in Segment Margin is partially offset by the improved performance of our now right-sized heavy fuel oil business. The performance improvement resulted from reducing volumes and related infrastructure to match new market realities resulting from the general lightening of refineries' crude slates which has resulted in a better supply/demand balance between heavy refined bottoms and domestic coker and asphalt requirements. The decrease in Segment Margin was also partially offset by an increase in volumes on our

Louisiana infrastructure, as our new Port of Baton Rouge terminal and related crude oil and refined products pipelines commenced operations during the fourth quarter of 2016. Our results also reflect an increase in rail volumes at our Scenic rail terminal in the 2016 Quarter due to demand from one major refinery customer.

In addition to the overall net decrease in Segment Margin, Available Cash before Reserves declined as a result of increased interest expense, and general and administrative costs. The increase in interest expense was primarily due to an increase in our average outstanding indebtedness from acquired and constructed assets. Interest costs, on an ongoing basis, are net of capitalized interest costs attributable to our growth capital expenditures. General and administrative costs included in the Available Cash calculation increased on a comparative basis due to a one-time reduction in compensation expense in the prior year.

The decrease in net income results from a non-cash valuation allowance of $6.0 million recorded in the 2016 Quarter related to the collectability of certain disputed receivables and claims. Additionally other non-cash expenses, including depreciation, amortization and accretion, increased $6.3 million in the 2016 Quarter. The increase in such non-cash expenses was primaryily the result of the effect of acquiring assets and placing constructed assets in service during calendar 2016. These decreases, as well as the previously discussed decrease in Segment Margin, were somewhat offset by the increased contributions of equity earnings in our unconsolidated joint ventures. The 2015 Quarter included negative non-cash basis adjustments, relating to certain of our historical and acquired equity investments, as a result of our acquisition of the offshore pipelines and services business of Enterprise.

Grant will now provide some concluding remarks to our prepared comments.

Summary Remarks

[Grant]

Thanks Bob.

As discussed, our businesses are performing reasonably well, and we would expect them to continue to do so in spite of the challenging environment in which we continue to operate.

While we are unable to predict with any certainty whether things will get better in late 2017 or 2018, we are confident that our diversified, yet increasingly integrated businesses, will continue to perform with relative stability and resiliency in the tumultuous midstream environment in which we operate. While the completion, and subsequent ramp up in volumes, of our most significant ongoing projects may be a bit behind, we also have confidence that they will contribute to this resiliency and stability as we progress through 2017 and into 2018.

Even though we're bullish for our particular business prospects for the remainder of the year and into next, the first quarter is not without its unique challenges…not least of which is there are only 90 days to do our thing. In addition, we have experienced more unanticipated downtime than normal for a variety of reasons at some of our major fields that we gather in the Gulf. Additionally, what I would characterize as our last legacy contract on one of our ocean going barges expired and has been re-priced into the spot market. Additionally, we have two blue water unit regulatory dry dockings in the first quarter which will negatively impact the quarter.

Because of one, 90 days doesn't a trend make and, two, our overall confidence in our business prospects in the current environment, we continue to believe we are well positioned to continue to deliver long term value to all of our 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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