2017 Second Quarter
Results Conference Call
August 3, 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 2017 Second 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 Onshore Facilities and Transportation 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 Second Quarter 2017

[Grant]

Good morning and welcome to all.

As we mentioned in the release, we have entered into a stock purchase agreement with a subsidiary of Tronox Limited pursuant to which we will acquire for approximately $1.325 billion in cash all of Tronox's trona and trona-based exploring, mining, processing, producing, marketing and selling business through the acquisition of 100% of the equity interests in Tronox Alkali Corporation, on the terms and conditions set forth in the purchase agreement. The Alkali business is the world's largest producer of natural soda ash, also known as sodium carbonate, a basic building block for a number of ubiquitous products, including flat glass, container glass, dry detergent and a variety of chemicals and other industrial products. The business produces approximately four million tons of natural soda ash per year, representing approximately 28% of all the natural soda ash produced in the world, and based on current production rates, has an estimated reserve life remaining of over 100 years. Having been in continuous operations for almost 70 years, it sells its products to a broad, industry-diverse and worldwide customer base, including numerous long-term relationships.

In conjunction with the transaction, we've received binding commitments for the purchase of approximately $750 million of 8.75% Class A Convertible Preferred Units from investment vehicles affiliated with KKR Global Infrastructure Investors II, L.P. and GSO Capital Partners L.P. KKR and GSO will acquire approximately 22.2 million units at a price of $33.71 per unit.

The acquisition of Tronox's Alkali Business is an exciting growth opportunity for us. We believe the acquisition to be immediately deleveraging and will provide further diversification and substantial scale to the partnership. The business is a great strategic fit with our current asset base and shares many characteristics with our existing refinery services business. It is a market leader with high barriers to entry, and generates stable and predictable cash flow, with production sold out each of the last seven years and estimated last twelve months adjusted EBITDA of $166 million. We are excited to partner with KKR and GSO, two leading global investment firms. We believe their investment not only validates our view of the Alkali Business opportunity but also underscores the quality of Genesis' existing diverse asset footprint including industry leading positions in multiple businesses.

We currently expect to fund the acquisition price and related transaction costs with proceeds from the preferred units, a notes offering and/or borrowings under our senior secured credit facility, as well as cash on hand. We expect to close the acquisition in the second half of 2017 with a very high probability of closing before the end of the quarter.

With regards to our quarterly results, during the quarter we experienced extraordinary planned and unplanned downtime by our producer customers at several major fields in the Gulf of Mexico which resulted in our reported segment margin for the quarter being negatively impacted by some $9 million relative to expectations. While we expect some continuation of such negative effects in the third quarter, we believe they will be largely behind us going into the fourth quarter and in no way are reflective of the underlying long-term resiliency of the deepwater.

During the second quarter, in our newly renamed Onshore Facilities and Transportation segment, we saw ramping volumes around the Baton Rouge corridor and an increase in sequential volumes on our Texas pipeline system as the repurposing of our Houston area crude oil pipeline and expansion of our terminal infrastructure became operational May 1st in and around Texas City. This was partially offset by a decrease in margin contribution in our legacy crude oil marketing business of some $2 million on a sequential quarter basis and $5 million on the year earlier quarter. Heading into the third quarter we are anticipating slightly lower volumes at our Scenic Station Rail Facility, associated with seasonal summer maintenance at several production facilities in Canada but would anticipate the reduction to be temporary with volumes beginning to ramp back up in the fourth quarter.

Our marine and refinery services segments performed consistent with our expectations. All in all, we feel we are reasonably positioned at this point to realize increasing financial contributions from our legacy businesses with little additional capital required.

We believe the acquisition of the Alkali business is the continuation of our successful strategy to build and acquire cash flowing assets with leading market positions with high barriers to entry. This business along with our offshore Gulf of Mexico assets, existing refinery services business and onshore refinery centric assets makes us #1 or #2 in four diversified business segments with high barriers to entry, which in our opinion, is a good place to be long term. The acquisition is immediately credit enhancing with an accretive acquisition multiple and accelerates long term deleveraging goals.

Culturally, we are excited about the existing Alkali employees and their shared commitment to safe and responsible operations. We would like to welcome them to the Genesis family and look forward to the future together.

With that, I'll turn it over to Bob to discuss our quarterly results in greater detail.

Results of Operations Comparison of Second Quarter 2017 to 2016

[Bob]

Thank you, Grant

In the second quarter of 2017, we generated total Available Cash before Reserves of $90.2 million, representing a decrease of $5.9 million, or 6.1%, over the second quarter of 2016. Adjusted EBITDA decreased $7.0 million over the prior year quarter to $126.4 million, representing a 5.3% decrease.

Net income attributable to Genesis for the quarter was $33.7 million, or $0.28 per unit, compared to $23.7 million, or $0.22 per unit, for the same period in 2016.

Segment Margin from our Offshore Pipeline transportation segment decreased $6.1 million, or 7%, between the second quarter periods. The 2017 Quarter was negatively impacted by both anticipated and unanticipated downtime at several major fields, including weather-related downtime, affecting certain of our deepwater Gulf of

Mexico customers and thus certain of our key crude oil and natural gas assets, including our Poseidon pipeline and certain associated laterals which we own. While such downtime was temporary and each of the major fields are back to being fully operational, we expect additional planned downtime for maintenance involving certain customers' fields during the third quarter of 2017.

Onshore facilities and transportation Segment Margin increased by $5.0 million, or 24.9%, between the two quarters. In the 2017 Quarter, this increase is primarily attributable to the ramp up in volumes on our pipeline, rail and terminal facilities on our recently completed infrastructure in the Baton Rouge corridor. In addition, relative to the first quarter of 2017, we experienced an increase in sequential volumes on our Texas pipeline system as the repurposing of our Houston area crude oil pipeline and expansion of our terminal infrastructure became operational in the 2017 Quarter. These factors were partially offset by a decrease in our Segment Margin due to lower demand in our historical back-to-back, or buy/sell, crude oil marketing business associated with aggregating and trucking crude oil from producers' leases to local or regional re-sale points.

Refinery services Segment Margin for the 2017 Quarter decreased $3.5 million, or 17.7%. The 2017 Quarter results were in line with our expectations and include the effects of previously disclosed commercial discussions with certain of our host refineries and several NaHS customers. These discussions resulted in extending the term and tenor of a large number of contractual relationships. This includes the extension of our largest refinery services agreement at our Westlake facility through 2026.

Marine transportation Segment Margin for the 2017 Quarter decreased $3.9 million, or 21.7%, from the 2016 Quarter. The decrease in Segment Margin is primarily due to a combination of slightly lower utilization and lower day rates on our inland fleet, as well as lower day rates on our offshore fleet (which offset higher utilization as adjusted for planned dry docking time). This excludes the M/T American Phoenix which is under long term contract through September 2020. In our inland fleet, utilization was strong at the beginning of the 2017 Quarter, but slowed towards the end as turnarounds at certain of our refinery customers ended and other market factors resulted in weaker demand for black oil barge freight.

In addition to the overall net decrease in Segment Margin, Available Cash before Reserves declined as a result of increased interest expense. 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. The impacts of these items were partially offset by a decrease in general and administrative costs, as well as proceeds from certain asset sales. General and administrative costs included in the Available Cash calculation decreased on a comparative basis primarily due to changes in assumptions used to value our equity based compensation awards that are tied to our unit price.

In addition to the above factors, the increase in net income principally relates to a $26.7 million gain involving the sale and disposition of certain non-core natural gas gathering and platform assets in the Gulf of Mexico. This increase was partially offset by a non-cash provision of $12.6 million relating to certain leased railcars no longer in use.

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

Summary Remarks

[Grant]

Thanks Bob.

As discussed, we are excited about the prospects of our announced acquisition. Our legacy businesses are performing reasonably well and we are increasingly confident in the ultimate performance of our growth projects. The actions we have taken should provide financial and opportunistic flexibility as our significant recent investments continue to ramp up and our consolidated financial results resume growing.

As we remain confident in our business prospects in the current environment, we continue to believe we are well positioned 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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