2024 Fourth Quarter
Results Conference Call
February 13, 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.

Welcome to the 2024 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 America 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 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 thank you for listening to the call.

As we mentioned in our earnings release this morning, we are now just a few short months away from reaching the inflection point when we will complete our current major capital spending program…be a short time away from a notable step change in realized segment margin…and most importantly…be in position to generate cash from operations in excess of the cash costs of running and sustaining our businesses… Needless to say…this moment has been a long-time coming…and while we have had a few hiccups along the way…we remain on schedule. I get more and more encouraged with the long-term prospects of Genesis as each day passes.

Instead of dwelling on what could have been in 2024, I would rather focus my comments here today on what lies ahead for the remainder of 2025 and beyond. We remain encouraged with what is in front of us…and are confident… we are well positioned to deliver meaningful sequential earnings growth over 2024…driven primarily by a mid-year start-up of our new contracted offshore volumes and strong structural tailwinds in our marine segment…even if we see static performance from our other two segments… this year relative to last.

Our offshore segment is expected to see significant growth in offshore volumes and segment margin associated with our two new contracted developments… Shenandoah and Salamanca. They remain on schedule, with first production from both developments expected in the second quarter. Based on recent conversations with both operators…we could see volumes from each development ramp very quickly to…if not above…their originally expected high cases. When combined with the eventual resumption of the volumes from the fields that were negatively impacted last year…which we are now told should occur over the next several months…we should be positioned to deliver upwards of twenty plus percent sequential growth in our offshore pipeline transportation segment in 2025.

Our marine transportation segment is again expected to deliver record results in 2025, driven in large part by more days on the water… as they say…for our offshore fleet relative to 2024… and steady to increasing day rates across all classes of our vessels. The macro story in marine remains constructive. We see reasonably steady demand. At the same time… we continue to see net supply reductions in the market…driven by the limited number of new barges being constructed, while more and more older barges are being retired. We believe these structural indicators will persist in marine for quite some time… and should support steady to marginally improving financial performance from our marine transportation segment throughout 2025.

As we sit here today…we expect the challenging macro conditions in the soda ash market we saw in the back half of last year to persist into 2025…at least in the early part of the year. The combination of a well-supplied market… and a mixed demand picture outside China … is expected to keep a lid on soda ash prices…especially in our export markets. While current prices are undoubtedly below the cash cost of high-cost synthetic producers… particularly in China…we expect the market continues to need a combination of further supply rationalizations and the resumption of historical demand growth to ultimately help prices recover. I will give a little more color later in my prepared remarks, but we are encouraged that these necessary supply reductions are starting to occur…and they will no doubt help tighten the market as we move through this year and into next.

Given this current market backdrop, however…and despite an improved operating performance and implementing certain cost savings initiatives…we expect the segment margin from our soda ash business to be at or near what we generated in 2024…. kind of a sideways year… until we get to 2026…when we would otherwise expect prices to recover and more closely reflect at least the cash cost of the marginal suppliers. Similarly…we expect our legacy refinery services business and our onshore facilities and transportation segment to also perform in-line with their performance last year.

While we would rather see all our businesses hitting on all cylinders…our path forward remains crystal clear. Even with this anticipated sideways action… year over year… in a couple of segments… in 2025, we will begin to harvest accelerating amounts of cash… above and beyond the cash cost to operate and sustain our business…and we will use to strengthen…and simplify… our capital structure. We are committed to not pursuing any capital-intensive projects for the foreseeable future. We expect to use this excess cash flow to pay down debt…in absolute terms…opportunistically redeem or retire our high-cost convertible preferred…both of which will lower the cash costs of running and sustaining our businesses…and look to return increasing amounts of capital to our unitholders… in one form or another…all while managing our bank calculated leverage ratio to our long-term target. We remain confident that the path we are on will allow us… in the years ahead… to deliver long-term value to everyone in the capital structure.

With that… I will touch briefly on our individual business segments.

As mentioned in our earnings release, several of our producer customers continue to experience mechanical issues that are affecting multiple fields that are connected to our offshore infrastructure. We can now report that three… out of the total of only twenty-one available deepwater rigs working in the Gulf of America… are now actively working on restoring production from these affected wells. We are told by the operators that such remedial intervention activities should be completed over the next several months. As we have mentioned in the past… the affected producers and operators continue to reiterate they expect no long-term negative impacts to the underlying reservoirs… and they fully expect volumes to return to levels consistent to what they were producing prior to the mechanical issues cropping up.

More importantly, our offshore construction projects are expected to be totally complete in the next few months. Our team is preparing to start the final stages of construction which will primarily consist of lifting the SYNC pipeline off the seafloor and connecting it to the Shenandoah floating production system once it is installed at its final location. The Shenandoah FPU set sail from South Korea in mid-December and recently arrived in Ingleside, Texas …thus completing its eighteen-thousand-mile journey in less than 2 months. After completing its final outfitting and safety checks… it is expected to move to its final location in advance of first production in the second quarter.

Similarly, the Salamanca production facility is also nearing completion. In fact, I visited the Salamaca FPU earlier this week for its christening… and can confirm it is very close to being complete…and is really quite a site to see. I'm confident the Salamanca FPU will long be a great case study of the benefits of repurposing an existing offshore platform to serve as a new production facility that will likely last for many more decades to come. The carbon footprint of the re-furbished facility is estimated to be some 70% less than a newbuild…was cheaper than a newbuild…and importantly accelerated the date of first production by some twelve plus months. The Salamanca FPU too will be setting sail from south Texas to its final location in the Gulf of America in the very near future… and remains on schedule for first production in the middle of the year.

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 production levels by the end of the year…if not significantly sooner. In both cases, the operators continue to anticipate producing at rates materially higher than our take or pay levels… or perhaps even higher than their original high-end internal expectations when they sanctioned the projects.

As we have mentioned in the past, these two new floating production facilities are also expected to serve as host platforms for additional future sub-sea developments… or tie-back opportunities… which could sustain or increase these cash flows to us for years and years into the future. In addition to the Monument field… which is a sanctioned, subsea tie-back… to the Shenandoah FPU that is expected to start production in the fourth quarter of 2026…Beacon (the operator) announced in December that it had sanctioned the next phase of development at Shenandoah…known as Shenandoah phase two. Activities associated with phase two include the drilling and completion of two additional wells in the Shenandoah field. Beacon estimates that the activities from Shenandoah phase two will be conducted between 2025 and 2028…and will add approximately 110 million barrels of oil equivalent P50 reserves.

Additionally, Beacon and its partners are advancing plans to facilitate the development of the Shenandoah South discovery… located in Walker Ridge 95 in water depths ranging from 5,800 to 6,000 feet. The field's proximity to the Shenandoah FPU will enable a cost-efficient… subsea tieback development to be accomplished by a three-mile flowline, and dedicated riser connection, to the Shenandoah FPU. Shenandoah South is expected to include the drilling & completion of two wells… with initial production from the first well expected to occur in the second quarter of 2028. Beacon estimates a total of 74 million barrels of oil equivalent of P50 reserves for

Shenandoah South. While Beacon and its partners have not yet made their final investment decision on the Shenandoah South project…it is yet another example of the multitude of opportunities that exist once a new floating production unit is installed and connected to our offshore infrastructure.

When taken together, the Shenandoah, Shenandoah Phase 2, Monument and Shenandoah South developments…are estimated to be able to produce nearly 600 million barrels of oil equivalent P50 reserves… with one hundred percent of the oil production dedicated to our new SYNC lateral and expanded CHOPS pipeline…truly a remarkable opportunity set for the next decade around this one new asset connected to our offshore infrastructure.

Turning now to our soda and sulfur services segment. I'm pleased to report that the operating issues we experienced at our Westvaco production facility in 2024 are now behind us… and that our Granger facility has recently been performing at or above its design capacity. Our team is constantly looking for opportunities to optimize our operating performance… and I am confident these efforts will contribute towards more steady production levels moving forward.

As we mentioned last quarter… and in response to current market conditions… we have also recently made a concerted effort to focus on the cost side of our business. As a result of these efforts, our team has identified numerous opportunities… and we have since started to implement several initiatives to reduce our fixed and marginal operating costs in the business. We continue to believe that the combination of improved operating performance… and a lower overall cost structure… will allow us to meaningfully benefit when the broader market fundamentals improve…which they will…and they always do.

As mentioned in our release… the global soda ash market remains relatively consistent with last quarter… with global demand being mixed… and most markets remaining well supplied.

Furthermore, inventories in China… and the availability of exports therefrom… remain elevated from recent lows. In the short term… the market needs more high-cost and environmentally inferior… synthetic production to come out of the market. Having said that…we have recently started to see some synthetic supply be shuttered...with the last remaining synthetic soda ash production facility in the United Kingdom ceasing operations at the end of just last month (January)… reducing global supply by approximately 220,000 tons per year. Late last year, another producer announced it was reducing production by approximately 300,000 tons per year from at its synthetic production facility in Spain. And…just yesterday… a different synthetic producer announced it was suspending production from a 700,000 ton a year facility in Poland. In discussing such decision, it also stated that it would be forced to consider additional production cuts at other facilities it operates in the EU… if market conditions don't soon improve.

As more and more of this high-cost synthetic supply is taken offline…we would expect to move closer to a more balanced market… where soda ash prices could improve. Everything else the same…we would reasonably expect marginal improvement in prices as we progress through 2025… but almost certainly… based on historical market behavior and the supply rationalization we are beginning to see…certainly in 2026 and beyond. Regardless of when these events occur… we are confident… as one of the world's LOWEST cost producers…that the steps we are taking in our operations and on the cost side…will allow us to meaningfully benefit from any such recovery in soda ash prices in the future.

Our marine transportation segment performed in-line with our expectations as the broader market conditions remain constructive… and we operated with utilization rates at or near 100 percent of practical available capacity for all classes of our Jones Act vessels. We continue to see reasonably steady demand for all classes of our vessels. At the same time… there has been limited… if not realistically… zero… net additions to the market… as older vessels continue to be retired… and a limited number of new barges have been built. This market dynamic doesn't turn around quickly.

To conclude, we could not be more excited about 2025 and beyond… and remain fully committed to reaching that special inflection point in just a few months… where we stop spending growth capital… start harvesting significant… and growing… cash flows… in excess of the cash cost of running and sustaining our business. Along those lines…and based upon on what we know today…we believe Adjusted EBITDA in 2025 will be around $700 million and that 2026…even if there is no meaningful improvement in our soda ash business…could be around $800 million. If there is a recovery in soda ash prices in 2026…which, as I mentioned earlier, could reasonably be expected based on historical market behavior and shutting in of high cost synthetic production… that number could turn out to be conservative.

The cash cost of running and sustaining our business currently is $600 to $625 million per year. As we use the excess cashflow we will begin generating later this year…and accelerating in 2026 and beyond… to pay down debt and periodically redeem high cost preferred…that cash cost of running and sustaining the business will decrease. That will give us even more flexibility to pay off even more debt… redeem even more preferred securities…and return even more capital to our unitholders in one form or another… all while managing our bank calculated leverage ratio to our long-term target.

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.

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