



# Investor Presentation

August 2021

## NGL ENERGY PARTNERS LP

NYSE Ticker	NGL
Common Unit Price	\$1.85
Market Capitalization	\$1.05 billion
Enterprise Value	\$4.45 billion

## CONTACT INFORMATION

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## FORWARD LOOKING STATEMENTS

This presentation includes “forward looking statements” within the meaning of federal securities laws. All statements, other than statements of historical fact, included in this presentation are forward looking statements, including statements regarding the Partnership’s future results of operations or ability to generate income or cash flow, make acquisitions, or make distributions to unitholders. Words such as “anticipate,” “project,” “expect,” “plan,” “goal,” “forecast,” “intend,” “could,” “believe,” “may” and similar expressions and statements are intended to identify forward-looking statements. Although management believes that the expectations on which such forward-looking statements are based are reasonable, neither the Partnership nor its general partner can give assurances that such expectations will prove to be correct. Forward looking statements rely on assumptions concerning future events and are subject to a number of uncertainties, factors and risks, many of which are outside of management’s ability to control or predict. If one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, the Partnership’s actual results may vary materially from those anticipated, estimated, projected or expected.

Additional information concerning these and other factors that could impact the Partnership can be found in Part I, Item 1A, “Risk Factors” of the Partnership’s Annual Report on Form 10-K for the year ended March 31, 2021 and in the other reports it files from time to time with the Securities and Exchange Commission.

Readers are cautioned not to place undue reliance on any forward-looking statements contained in this presentation, which reflect management’s opinions only as of the date hereof. Except as required by law, the Partnership undertakes no obligation to revise or publicly update any forward-looking statement.



## WATER SOLUTIONS

- Transports, treats, recycles and disposes of produced and flowback water generated from crude oil and natural gas production. Disposes of solids such as tank bottoms, drilling fluids and drilling muds and performs other ancillary services such as truck and frac tank washouts
- Owns the largest integrated network of large diameter produced water pipelines, recycling facilities and disposal wells in the Delaware Basin
- Underpinned by long-term, fixed fee contracts, acreage dedications and minimum volume commitments



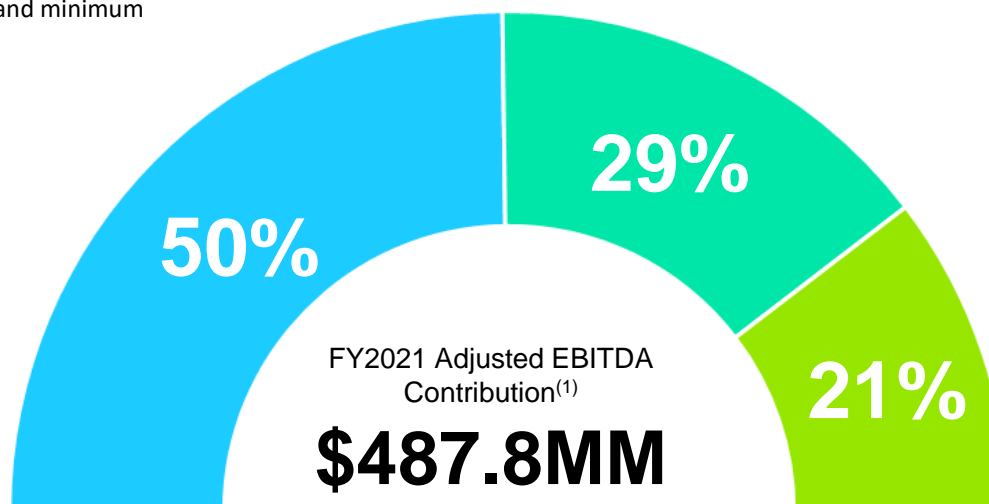
## CRUDE OIL LOGISTICS

- Purchases crude oil from producers and marketers and transports it to refineries or for resale at pipeline injection stations, storage terminals, barge loading facilities, rail facilities, refineries, and other trade hubs
- Provides storage, terminaling and transportation services through its owned assets
- Supported by certain long-term, fixed rate contracts which may include minimum volume commitments

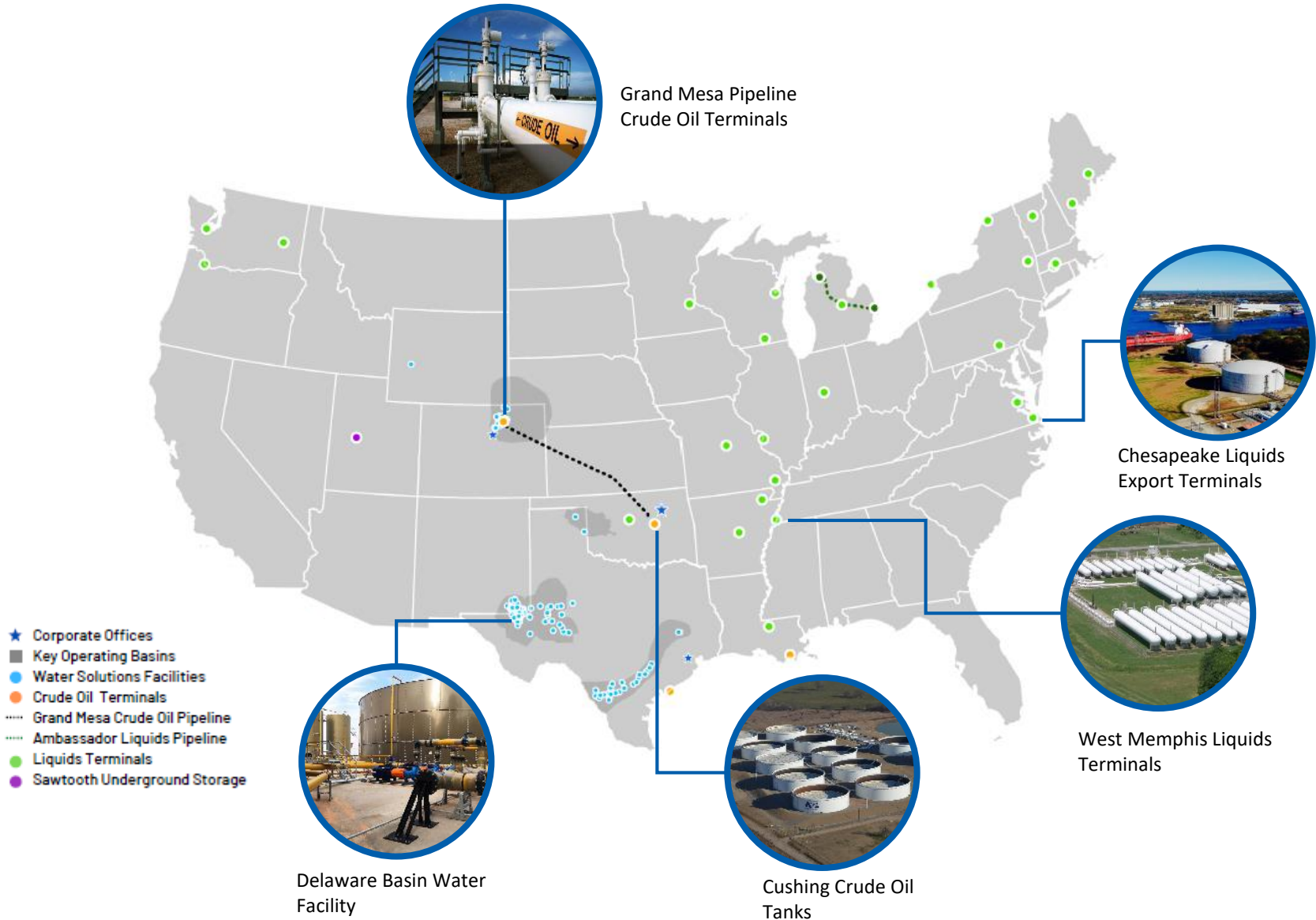


## LIQUIDS LOGISTICS

- Conducts wholesale operations for NGLs, refined petroleum products and biodiesel to a broad range of commercial, retail and industrial customers across the US and Canada
- Operations are conducted through 27 company-owned terminals, other third party storage and terminal facilities, common carrier pipelines and a fleet of leased railcars
- Provides marine exports of butane through a facility located in Chesapeake, VA



(1) Excludes Corporate & Other FY2021 Adjusted EBITDA of (\$39.6) million





## **Build a diversified midstream MLP providing multiple services**

- Transport water from the producer to treatment for disposal, recycle, or discharge
- Transport crude oil from the wellhead to refiners
- Transport natural gas liquids from processing facilities to end-users



## **Operate in a safe and environmentally responsible manner**

- Operate in a safe and environmentally responsible manner by working with our employees, customers, vendors, and local communities
- Minimize our environmental impact and comply with local, state, and federal environmental laws and regulations



## **Focus on consistent annual cash flows from operations**

- Focus on generating revenues under long-term, fee-based contracts, in addition to back-to-back contracts, which minimize direct commodity price exposure
- Continue to increase cash flows that are supported by certain fee-based, multi-year contracts, some of which include acreage dedications and/or volume commitments from producers



## **Prudently manage balance sheet to provide maximum financial flexibility**

- Maintain sufficient liquidity and credit metrics to manage existing and future capital requirements and to take advantage of market opportunities
- Continue to evaluate the capital markets to opportunistically pursue financing transactions to optimize capital structure



## **Achieve growth by generating attractive rates of return**

- Invest in existing businesses to capitalize on accretive, organic growth opportunities
- Utilize existing operating capacity to increase cash flows with minimal incremental capital investment
- Continue to pursue strategic transactions and ventures that complement and enhance our existing footprint

*We recently published our 2020 Sustainability Report and are proud to share many of the activities we are undertaking that demonstrate our commitment to achieving sustainable results.*

## Environment

- Our midstream operations generate a relatively low level of GHGs compared to our peers
- NGL provided 14.1 million barrels of wastewater for reuse in 2020 leading the industry in reducing the need for freshwater
- We are actively collaborating with regulatory agencies, academia, local stakeholders and industry groups to enhance our safety measures and protect the environment

## Safety

- We employ an internal team of EHS experts, external consultants and advanced technologies across our EHS platform
- Each of our business units establishes and maintains a set of systems and controls tailored to each unit's specific needs
- Our employees completed over 15,700 hours of EHS training during 2020
- We cut our TRIR approximately in half from 2.56 in 2019 to 1.27 in 2020

## People

- Established a \$20 per hour minimum wage for all our full-time employees
- We are proud that 97% of our eligible employees participate in our 401(k) Plan
- Minorities and women make up nearly half of our workforce and women represent 46% of the staff in our three corporate offices
- Our employees are active participants in a wide range of community events and charitable and civic organizations at many levels



**We believe in operating our business in a safe and environmentally responsible manner. Our EHS Principles reinforce our commitment to the health and safety of our employees, protecting the environment and supporting our employees and their communities.**

# Segment Overview



# WATER SOLUTIONS SEGMENT

Our Water Solutions segment transports, treats, recycles and disposes of produced and flowback water generated from crude oil and natural gas production, disposes of solids such as tank bottoms, drilling fluids and drilling muds and performs other ancillary services, such as truck and frac tank washouts. Additionally, this segment sells the hydrocarbons recovered from water processing and provides produced and sourcewater services.



- Water pipelines owned by NGL and 3rd parties connected to NGL facilities
- Over 620 miles of large diameter water pipelines in service in the Northern Delaware Basin alone
- Additional water pipelines under development

## Water Pipelines



- Existing recycle facility in Pinedale Anticline
- 11.6 million barrels per year of brackish water rights in New Mexico
- 23 million barrels per year of brackish water capacity in Texas
- Recycle capabilities across the Northern Delaware Basin under development

## Recycling & Sourcewater



- 114 SWD facilities, 212 injection wells
- Primary areas of operation:
  - Delaware (TX & NM)
  - Eagle Ford (TX)
  - DJ (CO)
  - Midland (TX)
  - Pinedale Anticline (WY)
- 24/7 operations at most locations

## Water Disposal

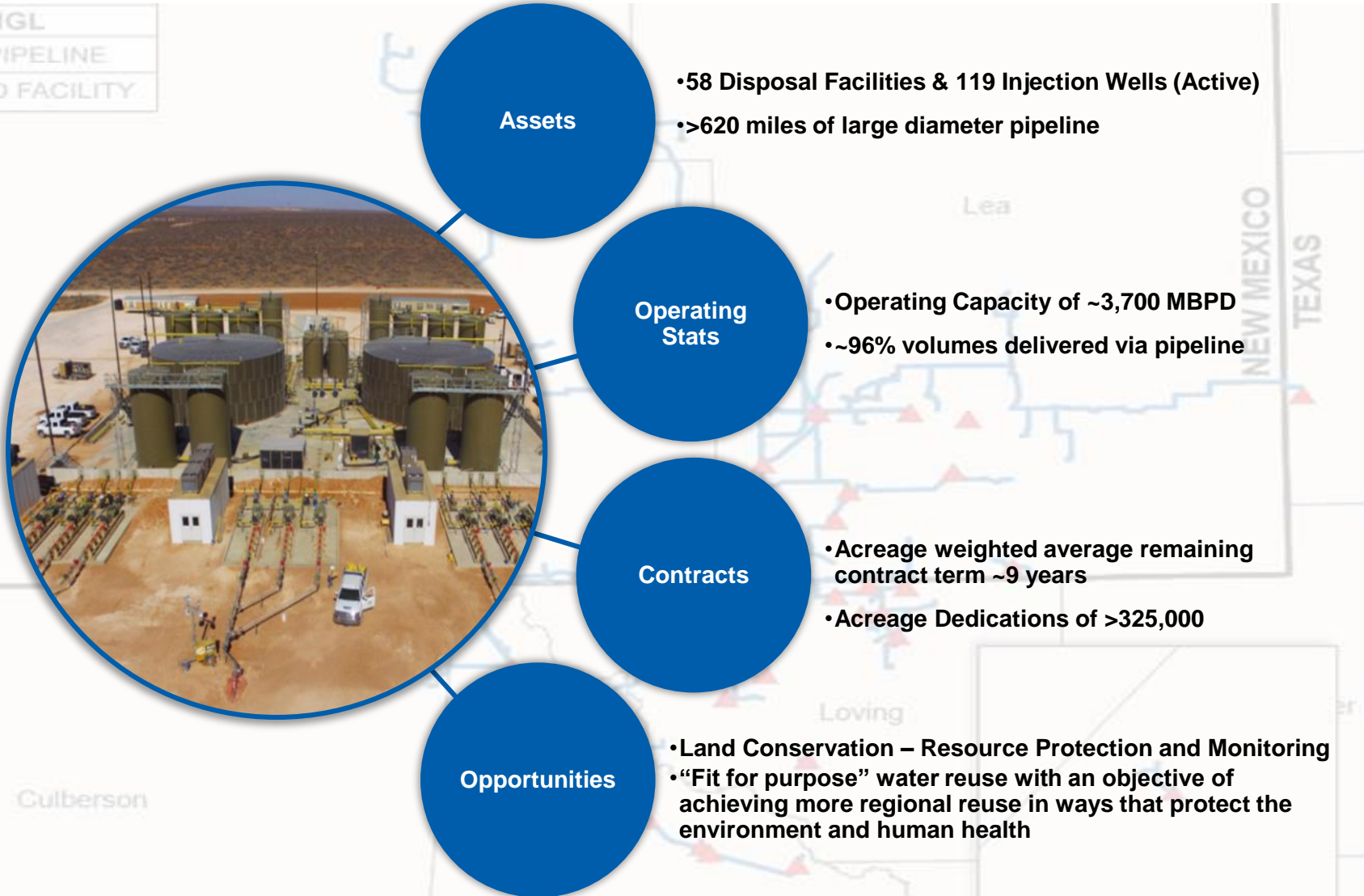


- Ownership of two ranches and a 50% interest in a third property in southeast New Mexico
- ~200,000 acres including fee, state and federal agricultural leased property
- Preservation of the agricultural integrity of the lands and natural, cultural, and environmental resources

## New Mexico Ranches

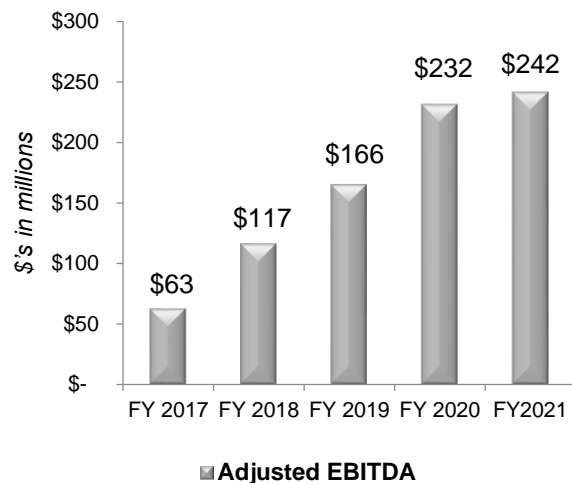






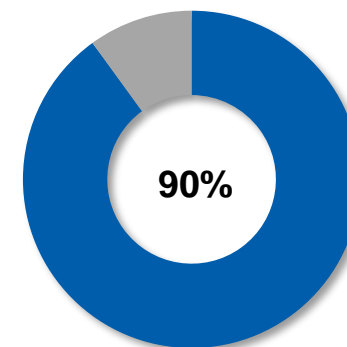
**LARGEST INTEGRATED PRODUCED WATER SYSTEM IN THE DELAWARE BASIN**

# Water Solutions Key Metrics



**\$0.61**  
Disposal Fee/BBL

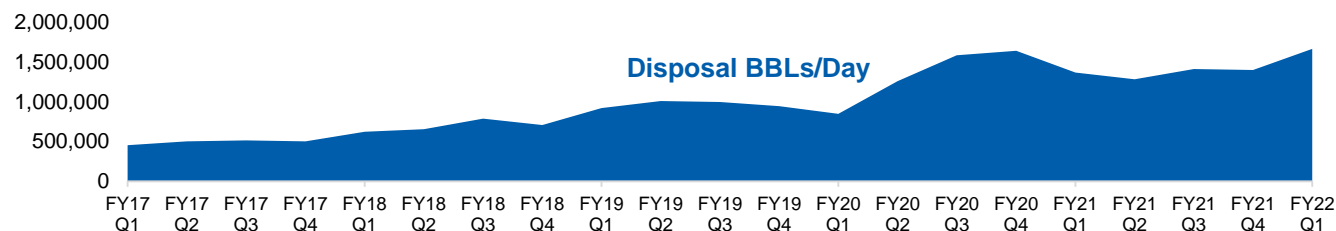
**\$0.26**  
Operating Expense/BBL



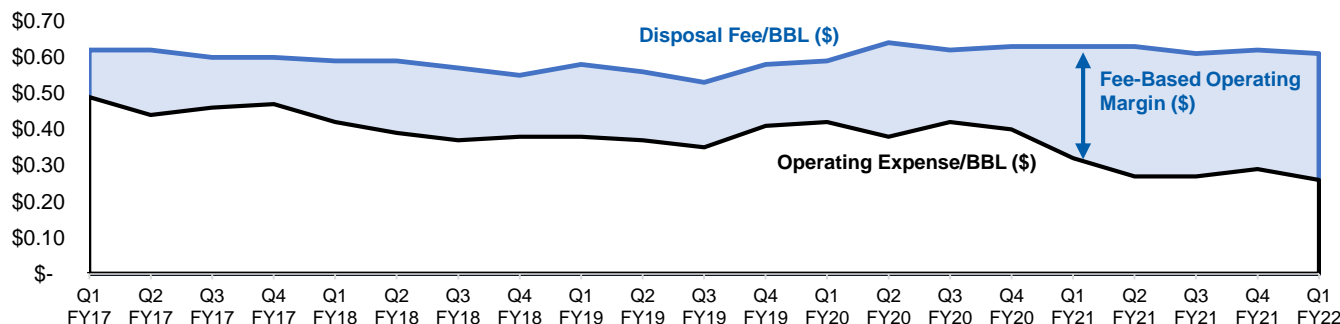
FY22 Q1 Total Water Transported via Pipeline

## FY22 Q1 KEY STATISTICS

### Water Volumes Trend (BPD)



### Disposal Fee & Operating Expense per BBL Trend



# CRUDE OIL LOGISTICS SEGMENT

Our Crude Oil Logistics segment purchases crude oil from producers and marketers and transports it to refineries for resale at pipeline injection stations, storage terminals, barge loading facilities, rail facilities, refineries, and other trade hubs, and provides storage, terminaling and transportation services through its owned assets.



- ~550 mile 20" crude oil pipeline from the DJ Basin to Cushing, OK
- 150,000 BPD capacity
- 16 total truck unloading bays
- 970,000 barrels origin tankage

## Grand Mesa Pipeline



- 3.6 MMbbls of storage in Cushing
- 1.6 MMbbls of storage in addition to Cushing, including origin tankage at Grand Mesa
- Export terminal at Pt. Comfort, TX
- Blending terminal at Houma, LA

## Crude Assets



- Tow boats and barges
- GP railcars (leased and owned)
- Truck and trailers (owned and 3rd party)
- LACT units

## Crude Transportation

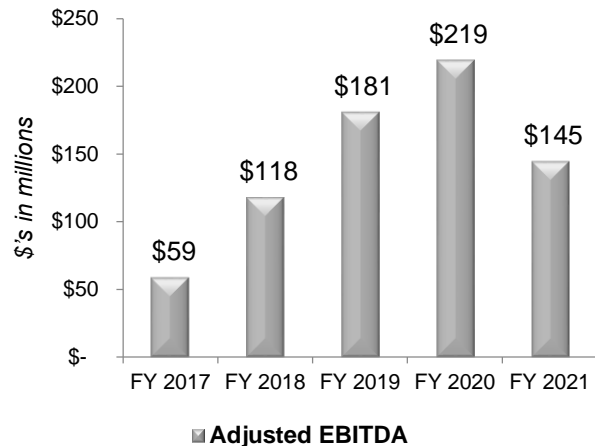


- Operations are concentrated in and around four prolific crude oil producing regions in the United States - the DJ Basin in Colorado, the Permian Basin in Texas and New Mexico, the Eagle Ford Basin in Texas and the United States Gulf Coast.

## Crude Logistics

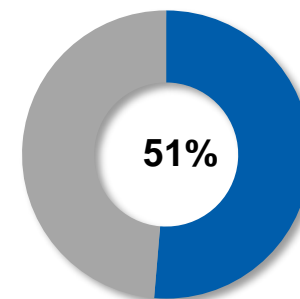


# Crude Oil Logistics Key Metrics



**~88**  
Crude Oil Logistics KBBLs/Day

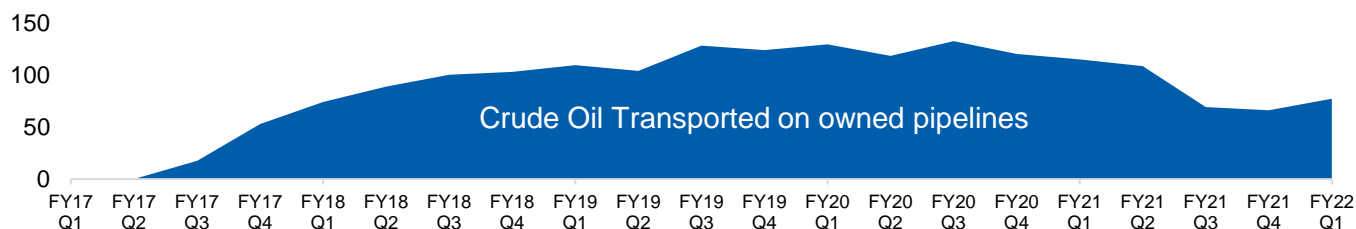
**~77**  
Grand Mesa KBBLs/Day



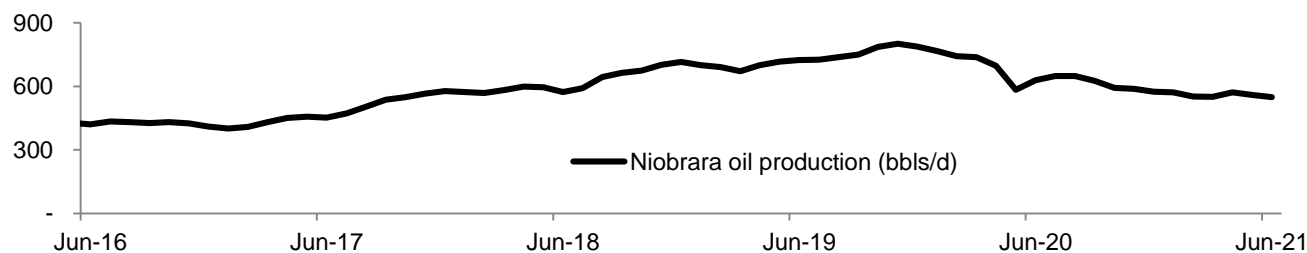
**FY22 Q1 Grand Mesa Pipeline Utilization Rate**

## FY22 Q1 KEY STATISTICS

### Grand Mesa Volumes (KBPD)



### Niobrara Oil Production (KBPD)



# LIQUIDS LOGISTICS SEGMENT

Our Liquids Logistics segment purchases gasoline, diesel, propane, butane and other products from refiners, processing plants, producers and other parties, and sells the products to retailers, wholesalers, refiners and petrochemical plants throughout the United States and Canada.



- Fleet of ~5,100 railcars (owned and leased)
- 23 transloading units
- Diverse customer base with long-term relationships
- Shipper on 5 common carrier pipelines
- Approximately 2.5 million barrels of leased storage

## Propane/Butane Wholesale



- 27 Terminals
- Chesapeake Terminal is one of 3 active liquid export facilities on the East Coast
- Port Hudson terminal is located in proximity to other refined products infrastructure along the Colonial pipeline

## NGL Terminals

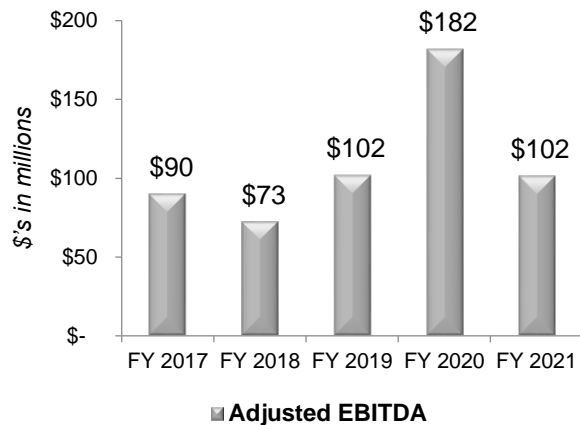


- Refined product services from over 150 terminals in 30 states providing diesel and gasoline products
- Margins driven by normal supply/demand activity as well as disruption events such as weather or refinery/pipeline issues

## Refined Products



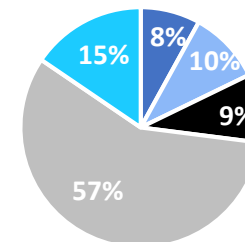
# Liquids Logistics Key Metrics



## Margin/gal\*

~\$0.026 Propane      ~\$0.034 Butane  
~\$0.276 Other Products      ~\$0.020 Refined Products

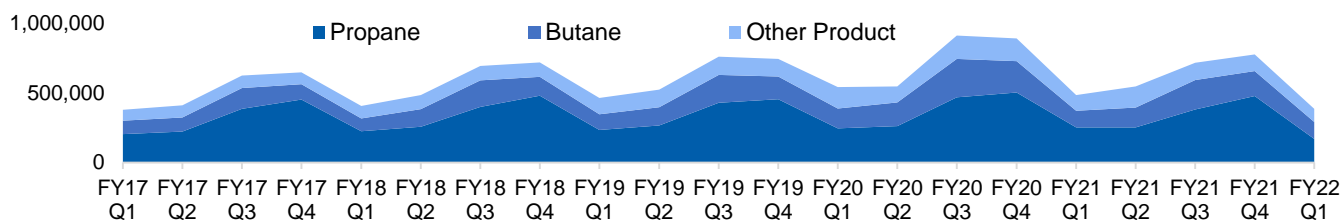
## FY22 Q1 Margin by Product\*



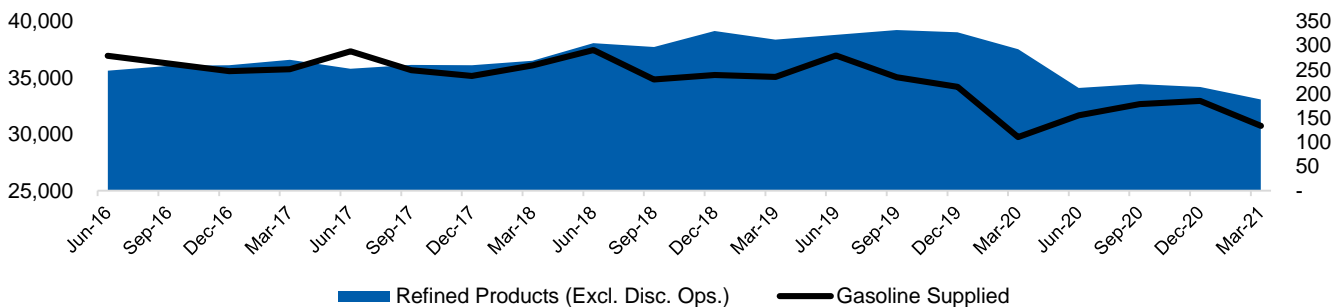
■ Refined Products      ■ Propane  
■ Butane      ■ Other Products  
■ Service

## FY22 Q1 KEY STATISTICS

## NGL Volumes by Product (KGALs)



## U.S. Gasoline Demand vs. Refined Product Volumes (MMGALs)



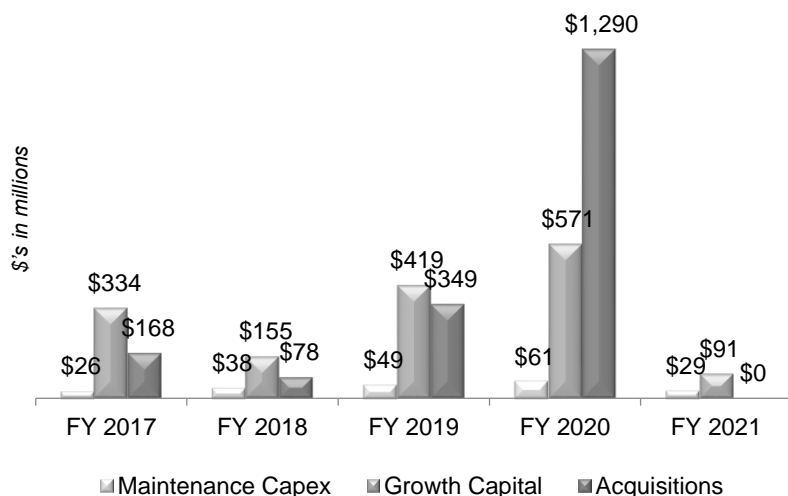
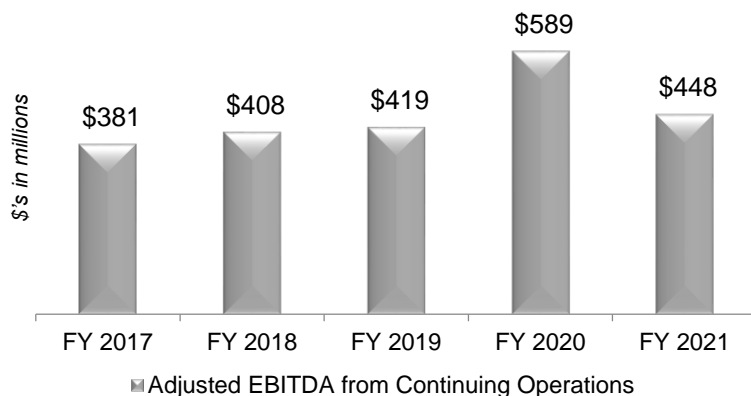
U.S. Gasoline Demand Source: <https://www.eia.gov/petroleum/supply/monthly/>

\* Excluding the impact of derivatives



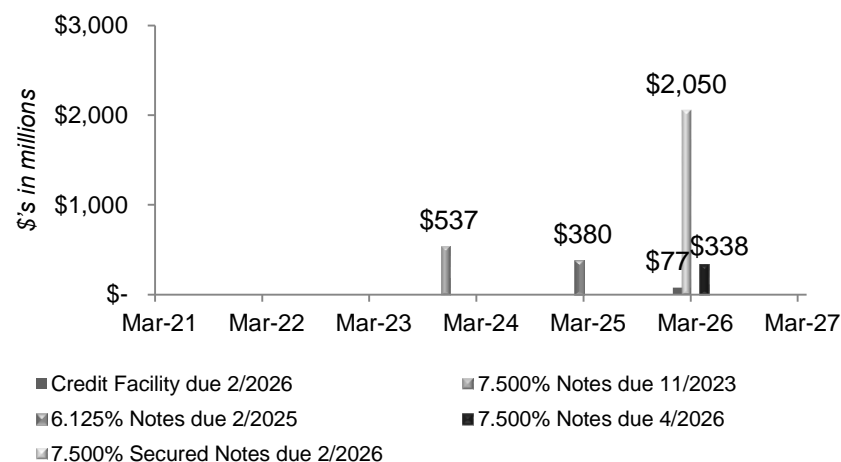
# Financial Overview





## Capitalization<sup>(1)</sup> (in thousands)

Debt	6/30/2021	3/31/2021
Credit Facility	\$ 77,000	\$ 4,000
Secured Notes due 2026	2,050,000	2,050,000
Secured Term Loan due 2024	-	-
7.500% Senior Notes due 2023	536,584	555,251
6.125% Senior Notes due 2025	380,020	380,020
7.500% Senior Notes due 2026	338,402	338,402
Other long-term debt	41,287	46,912
<b>Total Long-Term Debt</b>	<b>\$ 3,423,293</b>	<b>\$ 3,374,585</b>
Preferred Equity		
9.00% Class B Perpetual Preferred	\$ 314,641	\$ 314,641
9.625% Class C Perpetual Preferred	45,000	45,000
9.00% Class D Perpetual Preferred	624,339	624,339
<b>Total Preferred Equity</b>	<b>\$ 983,980</b>	<b>\$ 983,980</b>



(1) Debt and Preferred Equity represented at face value

## Segment Summary:

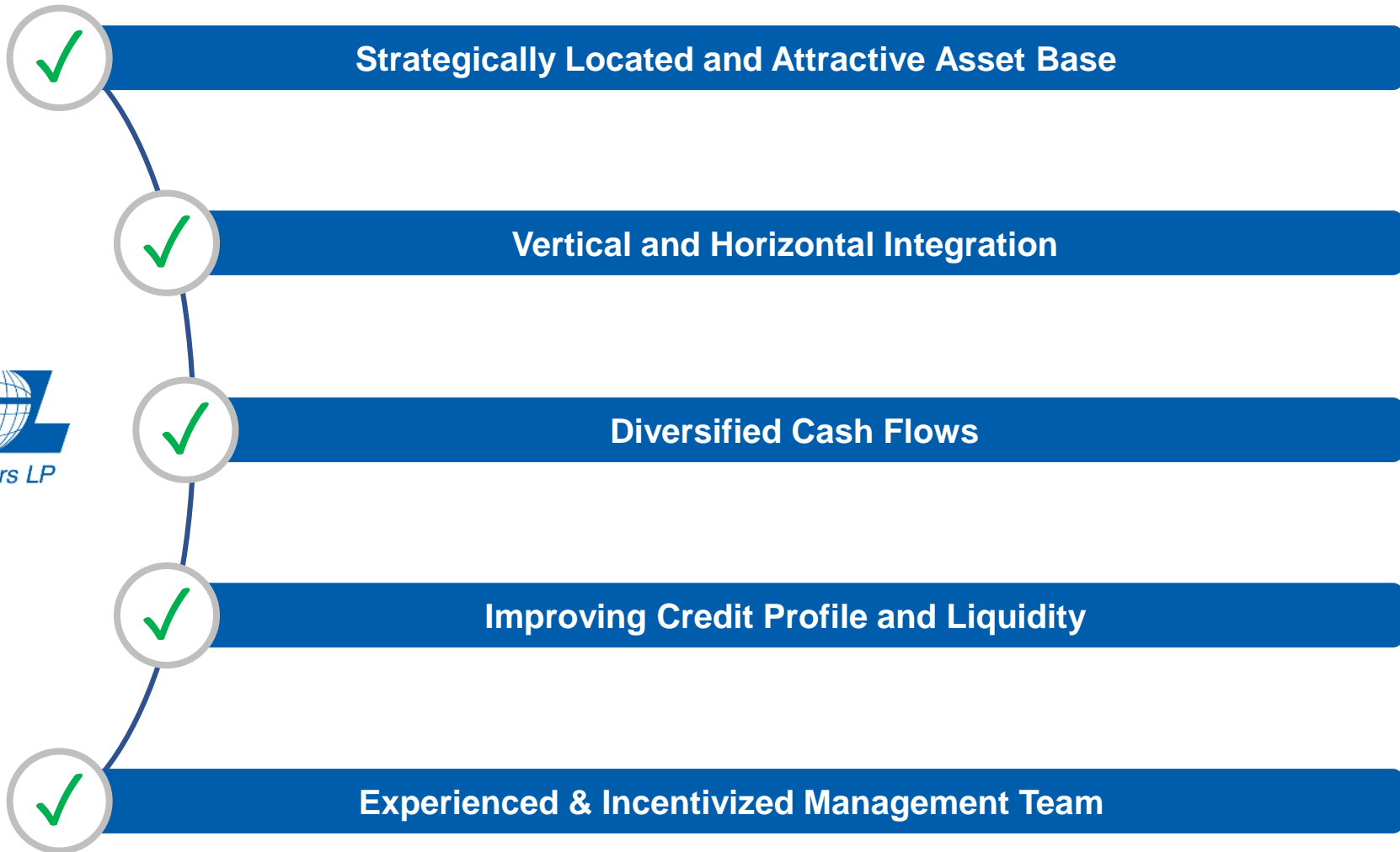
- The Water Solutions segment reported average disposal barrels of ~1.7 million barrels per day during the quarter. Volumes increased primarily due to higher production volumes in the Delaware Basin driven by higher crude oil prices. Water sales, including freshwater, reuse and recycling, were positively impacted by increased demand for these services. Revenues from recovered crude oil increased due to an increase in the number of well completions and higher crude oil prices.
- Crude Oil Logistics results were negatively impacted by an increase in net derivative losses on inventory positions as a result of increasing crude oil prices as well as lower activity and the reduction of MVC's on Grand Mesa Pipeline. Financial volumes on Grand Mesa averaged ~77kbpd during the quarter.
- The Liquids Logistics segment's product margin per gallon were positively impacted by increased biodiesel and RIN prices and offset by lower demand for other products. Refined products volumes were negatively impacted by tighter supply and continued weakness in demand due to the COVID-19 pandemic and propane volumes were negatively impacted by warmer weather and higher prices leading to weaker demand. This segment generally generates most of its cash flow during the butane blending and propane heating seasons, which occur during the fall and winter seasons.

## Financing highlights:

- Repurchased \$18.7 million of 7.500% senior unsecured notes due 2023 during the quarter at an average price of \$0.98 per dollar.
- Sale of Sawtooth Caverns on June 18<sup>th</sup>, 2021 for gross proceeds of \$70.0 million.

Total Volume (In Thousands)	6/30/2021	3/31/2021
<b>Crude Logistics (BBL's)</b>		
Crude Oil Sold	7,994	8,146
Crude Oil Transported	7,034	5,961
<b>Water Solutions (BBL's/Day)</b>		
Delaware Basin	1,428,222	1,212,453
Eagle Ford Basin	91,843	63,871
DJ Basin	118,801	101,116
<u>Other Basins</u>	<u>28,082</u>	<u>21,210</u>
Total Water Processed	1,666,948	1,398,650
<b>Liquids &amp; Refined Products (GAL's)</b>		
Propane	170,279	477,652
Butane	122,574	179,601
Refined Products	185,306	188,368
Other Products	92,853	119,606
<b>Financial Summary (In Millions)</b>		
Total Revenue	\$ 1,488.6	\$ 1,752.4
Total Cost of Sales	\$ 1,324.8	\$ 1,573.0
Adjusted EBITDA(1)	\$ 91.1	\$ 94.3
Distributable Cash Flow(1)(2)	\$ (3.5)	\$ 8.0
Distribution Paid to LP Unitholders	\$ -	\$ -
Maintenance Capex	\$ 7.7	\$ 6.5
Growth Capex with Investments	\$ 24.1	\$ 46.7
Total Debt(3)	\$ 3,425.5	\$ 3,376.8
Borrowings under Credit Facility (excl. L/C's)	\$ 77.0	\$ 4.0
Total Liquidity	\$ 302.6	\$ 344.9

(1) Does not include acquisition expenses or Adj. EBITDA from discontinued operations  
 (2) LP distributable cash flow is net of distributions on preferred units  
 (3) Face value of total debt



# Appendix



# 1Q'22 & 1Q'21 Adjusted EBITDA & DCF Walk

	Three Months Ended June 30,	
	2021	2020
	(in thousands)	
Net loss	\$ (134,502)	\$ (35,252)
Less: Net income attributable to noncontrolling interests	(438)	(51)
Net loss attributable to NGL Energy Partners LP	(134,940)	(35,303)
Interest expense	67,130	44,066
Income tax benefit	(450)	(301)
Depreciation and amortization	83,357	83,202
EBITDA	15,097	91,664
Net unrealized (gains) losses on derivatives	(16,264)	26,671
CMA Differential Roll net losses (gains)	24,310	-
Inventory valuation adjustment	1,218	3,820
Lower of cost or net realizable value adjustments	(3,806)	(32,003)
Loss on disposal or impairment of assets, net	67,538	13,084
Gain on early extinguishment of liabilities, net	(87)	(19,355)
Equity-based compensation expense	960	2,302
Acquisition expense	67	157
Other	2,068	4,348
<b>Adjusted EBITDA</b>	<b>\$ 91,101</b>	<b>\$ 90,688</b>
Adjusted EBITDA - Discontinued Operations	\$ -	\$ (294)
<b>Adjusted EBITDA - Continuing Operations</b>	<b>\$ 91,101</b>	<b>\$ 90,982</b>
Less: Cash interest expense	63,359	40,399
Less: Income tax benefit	(450)	(301)
Less: Maintenance capital expenditures	7,745	9,168
Less: CMA roll differential	23,932	-
Less: Preferred unit distributions paid	-	15,030
<b>Distributable Cash Flow - Continuing Operations</b>	<b>\$ (3,485)</b>	<b>\$ 26,686</b>

# 1Q'22 & 1Q'21 Adjusted EBITDA by Segment

	Three Months Ended June 30, 2021				
	Water Solutions	Crude Oil Logistics	Liquids Logistics	Corporate and Other	Consolidated
	(in thousands)				
Operating income (loss)	\$ 7,583	\$ (11,581)	\$ (53,409)	\$ (11,927)	\$ (69,334)
Depreciation and amortization	62,981	12,409	6,967	1,745	84,102
Amortization recorded to cost of sales	-	-	73	-	73
Net unrealized losses (gains) on derivatives	3,566	(14,454)	(5,376)	-	(16,264)
CMA Differential Roll net losses (gains)	-	24,310	-	-	24,310
Inventory valuation adjustment	-	-	1,218	-	1,218
Lower of cost or net realizable value adjustments	-	(11)	(3,795)	-	(3,806)
Loss (gain) on disposal or impairment of assets, net	7,491	(42)	60,087	-	67,536
Equity-based compensation expense	-	-	-	960	960
Acquisition expense	-	-	-	67	67
Other income, net	612	196	363	78	1,249
Adjusted EBITDA attributable to unconsolidated entities	459	-	(10)	(55)	394
Adjusted EBITDA attributable to noncontrolling interest	(954)	-	(529)	-	(1,483)
Other	(227)	2,321	(15)	-	2,079
<b>Adjusted EBITDA</b>	<b>\$ 81,511</b>	<b>\$ 13,148</b>	<b>\$ 5,574</b>	<b>\$ (9,132)</b>	<b>\$ 91,101</b>

	Three Months Ended June 30, 2020						
	Water Solutions	Crude Oil Logistics	Liquids Logistics	Corporate and Other	Continuing Operations	Discontinued Operations (TPSL, Mid-Con, Gas Blending)	Consolidated
	(in thousands)						
Operating (loss) income	\$ (16,047)	\$ 23,320	\$ 4,562	\$ (22,620)	\$ (10,785)	\$ -	\$ (10,785)
Depreciation and amortization	58,133	16,795	8,156	902	83,986	-	83,986
Amortization recorded to cost of sales	-	-	77	-	77	-	77
Net unrealized losses (gains) on derivatives	13,312	14,638	(1,279)	-	26,671	-	26,671
Inventory valuation adjustment	-	-	3,840	-	3,840	-	3,840
Lower of cost or net realizable value adjustments	-	(29,060)	(2,963)	-	(32,023)	-	(32,023)
Loss on disposal or impairment of assets, net	329	1,450	4	10,239	12,022	-	12,022
Equity-based compensation expense	-	-	-	2,302	2,302	-	2,302
Acquisition expense	12	-	-	145	157	-	157
Other income, net	256	338	377	64	1,035	-	1,035
Adjusted EBITDA attributable to unconsolidated entities	465	-	(1)	(62)	402	-	402
Adjusted EBITDA attributable to noncontrolling interest	(487)	-	(536)	-	(1,023)	-	(1,023)
Intersegment transactions	-	-	(27)	-	(27)	-	(27)
Other	953	3,373	22	-	4,348	-	4,348
Discontinued operations	-	-	-	-	-	(294)	(294)
<b>Adjusted EBITDA</b>	<b>\$ 56,926</b>	<b>\$ 30,854</b>	<b>\$ 12,232</b>	<b>\$ (9,030)</b>	<b>\$ 90,982</b>	<b>\$ (294)</b>	<b>\$ 90,688</b>