NYSE: MMP

MAGELLAN®
MIDSTREAM PARTNERS, L.P.
Moving What Moves America

Magellan Update

March 26, 2020

Forward-looking statements

Except for statements of historical fact, this document constitutes forward-looking statements as defined by federal law. Although management believes such statements are based on reasonable assumptions, such statements necessarily involve known and unknown risks and uncertainties that may cause actual outcomes to be materially different. Among the key risk factors that may have a direct impact on the partnership's results of operations and financial condition are: (1) changes in price or demand for refined petroleum products, crude oil and natural gas liquids, or for transportation, storage, blending or processing of those commodities through its facilities; (2) impacts of the coronavirus and similar epidemics on its workforce, customers and vendors; (3) its ability to identify and secure growth projects with acceptable expected returns and to complete those projects on time and at expected costs; (4) changes in the partnership's tariff rates or other terms as required by regulatory authorities; (5) shut-downs or cutbacks at refineries, of hydrocarbon production or at other businesses that use or supply the partnership's services; (6) changes in the throughput or interruption in service on pipelines or other facilities owned and operated by third parties and connected to the partnership's terminals, pipelines or other facilities; (7) the occurrence of operational hazards or unforeseen interruptions; (8) the treatment of the partnership as a corporation for federal or state income tax purposes or the partnership becoming subject to significant forms of other taxation; (9) disruption in the debt and equity markets that negatively impacts the partnership's ability to finance its capital spending; (10) its capital needs, cash flows and availability of cash to fund unit repurchases or distributions; and (11) failure of customers to meet or continue contractual obligations to the partnership. This list is not exhaustive. Additional factors are described in the partnership's filings with the Securities and Exchange Commission, including the partnership's Annual Report on Form 10-K for the fiscal year ended Dec. 31, 2019. You are urged to carefully review and consider the cautionary statements and other disclosures made in the partnership's filings, especially under the headings "Risk Factors" and "Forward-Looking Statements." Forward-looking statements made in this presentation are based only on information currently known, and the partnership undertakes no obligation to update or revise its forward-looking statements.

Agenda

- COVID-19 response
- DCF sensitivity analysis
- Update on liquidity and leverage
- Closing remarks

COVID-19 response

- All of our facilities are operational
- Quickly implemented centralized organizational response team
- All personnel able to work from home are doing so
- All potentially exposed personnel have been or will be quarantined for 14 days, per CDC guidelines
- Implemented separation plan and health checks for operations control room
- Health checks at critical facilities are in place and minimizing interaction among staff and third parties
- Contingency plans are in place in the event we have significant personnel disruptions

DCF sensitivity analysis

$ in millions	
Original 2020 DCF guidance*	$ 1,200
Potential impacts from virus and crude oil price environment:	
Lower blending margins & tenders	(120)-(90)
Impact of lower drilling on distillate volumes	(25)-(20)
Quarantine impact on refined product demand	(50)-(25)
Uncommitted crude volumes	(10)
Other, mostly expense savings, lower comp, crude storage	25-50
Range of impacts	$ (180)-(95)

*Distributable Cash Flow (DCF) is a non-GAAP metric. Please see reconciliation in our earnings release 8-K filed on 1/30/20.

- Lower end of commodity impact reflects 3/24 forward curve
  - 2020 fall blending currently unhedged, margins projected to be nearly $0
  - A $10/bbl increase in crude prices would result in $30 million increase to 2020 DCF
- Reduced rigs in both Permian and midcontinent assumed to impact distillate demand
  - Assumes 30% rig reduction in the Permian
- Virtually no uncommitted crude volumes beyond second quarter
- Refined products demand dependent on duration of COVID-19 policy measures
  - Low end of range assumes 25%, 5% and 25% decline for gasoline, distillate and aviation demand, respectively, for entire 2Q20, followed by a month of transition (half the 2Q decline rate) before normal demand resumes; upper end of range assumes disruption lasts half as long as low-end scenario (returns to normal by June)
  - Sensitivities of DCF to 10% change per month in refined products demand are:
    - Gasoline: ~$4.5 million
    - Distillate: ~$3.5 million
    - Aviation: ~$0.5 million

Crude pipeline contracts

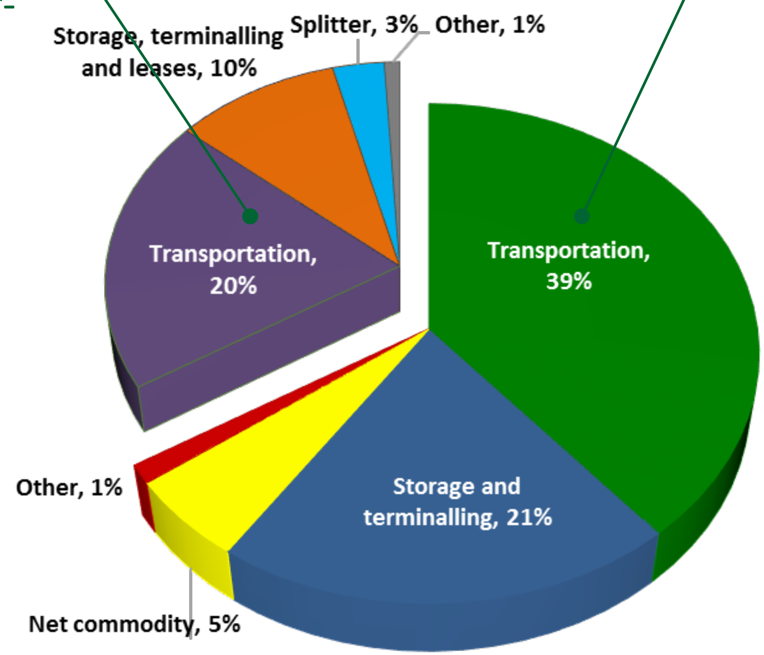
- ~87% of Longhorn capacity committed in 2020
  - ~70% contracted from 2020 to 2024
  - Average remaining contract life of ~7 years

- ~80% of BridgeTex capacity committed
  - Average remaining contract life of more than 4 years

- ~75% of expanded Saddlehorn capacity committed
  - Average remaining contract life of ~7 years

Customer credit update

- Crude oil revenues (1/3 of total) largely contract dependent
  - Mostly long-haul transportation take-or-pay contracts, 61% from investment grade (IG) customers, 35% split-rated, 2% non-IG, 2% unrated*
  - Storage, terminalling and lease revenues 44% from IG customers, 31% split rated, 5% non-IG, 20% unrated*
  - Splitter revenue entirely from Trafigura (unrated)



2020 Forecasted Revenue Breakdown*

- Refined products revenues (2/3 of total) primarily demand-driven, customer credit not usually relevant
  - If one customer lowers utilization, others step in to meet demand
  - Mostly transportation, also storage and terminalling
  - Customers primarily refiners, also marketers and end users
  - We do require contracts on new projects, e.g. Houston-to-Hearne and west Texas expansions (~90% of committed volumes on those projects are backed by IG refiners / majors)

* Based on forecasted 2020 revenues (ratings updated as of 3/20/20). Includes MMP's share of JV revenues.

Capital allocation

- No material changes to 2020 forecasted growth capex of $400 million
  - Most spending relates to projects near completion and backed by take-or-pay commitments from creditworthy counterparties
    - $210 million on Texas refined products pipeline expansions
    - $50 million on Saddlehorn expansion
    - $34 million on Pasadena marine terminal JV
    - $33 million on Seabrook expansion

- No expected change to previous 2020 distribution guidance
  - Low end of updated DCF range still reflects coverage ~1.1x
  - Business risk, balance sheet strength and liquidity all support maintenance of prior distribution guidance

- Have avoided expensive projects and acquisitions and will remain disciplined

Capital allocation, cont’d

- Began opportunistically executing unit repurchases after 4Q19 earnings call

- Total of 3.63 million units repurchased to date
  - Average price of ~$55.62, for total spend of ~$202 million
  - Most repurchases completed prior to 3/6 collapse of OPEC+
    - Targeted to maintain leverage pro forma for asset sales
  - Have slowed pace of repurchases since 3/6
    - Despite very attractive unit price, financial strength and flexibility remain top priority

Liquidity update

- Closed marine terminals sale ($250 million) on 3/20
- No borrowings currently outstanding on $1 billion revolver maturing in 2024, with ~$100 million in cash equivalents
- Based on current forecast including range of DCF impacts, year-end 2020 borrowings projected to be <$150 million

$ in millions

2020 Sources:		2020 Uses:	
DCF generated	$1,020-1,105	Distributions	$939
Borrowings	33-118	Growth capex	400
Beg. cash on hand	58	Share repurchases	202
Sales proceeds	325	Net debt repayment	-
Other/working cap	20	Other	-
	$1,541		$1,541

Leverage update

- Next bond maturity is $550 million 4.25% notes due Feb 2021
  - Following maturity not until 2025
- No committed growth capital projects beyond 2020
  - Current liquidity in place sufficient for all forecasted needs
- Based on range of DCF impacts, year-end 2020 leverage ratio projected to be ~3.4-3.7x
  - Remains well below long-standing target maximum of 4x

MMP’s resilient business

- Temporary refined products demand impacts are affecting 2020, but we expect demand to return to normal quickly once virus subsides, and long-term refined products business remains strong
- Our crude oil business benefits from contracts with creditworthy counterparties which will mitigate the impacts of a protracted low crude oil price environment
- Magellan is financially strong and well positioned to weather this volatile environment

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Questions