



## **Martin Midstream Partners Reports 2007 First Quarter Financial Results**

KILGORE, Texas, May 7, 2007 /PRNewswire-FirstCall via COMTEX/ -- Martin Midstream Partners L.P. (Nasdaq: MMLP) announced today its financial results for the first quarter ended March 31, 2007.

MMLP reported net income for the first quarter of 2007 of \$5.8 million, or \$0.42 per limited partner unit. This compared to net income for the first quarter of 2006 of \$4.3 million, or \$0.33 per limited partner unit. Revenues for the first quarter of 2007 were \$155.8 million compared to \$146.8 million for the first quarter of 2006.

The Company's distributable cash flow for the first quarter of 2007 was \$12.0 million. Distributable cash flow is a non-GAAP financial measure which is explained in greater detail below under "Use of Non-GAAP Financial Information." The Company has also included below a table entitled "Distributable Cash Flow" in order to show the components of this non- GAAP financial measure and its reconciliation to the most comparable GAAP measurement.

MMLP's first quarter 2007 financial statements are included with this press release. These financial statements should be read in conjunction with the information contained in the Company's Quarterly Report on Form 10-Q, filed with the Securities and Exchange Commission on May 7, 2007.

Ruben Martin, President and Chief Executive Officer of Martin Midstream GP LLC, the general partner of Martin Midstream Partners, said "Overall, we are very pleased with our first quarter results. While the performance of our Sulfur segment has been disappointing, our Natural Gas Services, Marine Transportation and Fertilizer segments continue to outperform. The strength and diversity of these business lines has minimized the impact of our Sulfur segment. Similar to the fourth quarter of 2006, favorable fundamentals and beneficial weather allowed us to expand volumes and margins across the majority of our business lines. Looking ahead, we continue to see continued strength in our businesses, and we continue to seek attractive, strategic growth opportunities as evidenced by our recent acquisition of Woodlawn Pipeline Company."

### *Investors' Conference Call*

An investors' conference call to review the first quarter results will be held on Tuesday, May 8, 2007, at 8:30 a.m. Central Time. The conference call can be accessed by calling (877) 407-9205. An audio replay of the conference call will be available by calling (877) 660-6853 from 9:30 a.m. Central Time on May 8, 2007 through 11:59 p.m. Central Time on May 15, 2007. The access codes for the conference call and the audio replay are as follows: Account No. 286; Conference ID No. 240859. The audio replay of the conference call will also be archived on the Company's website at [www.martinmidstream.com](http://www.martinmidstream.com).

### *About Martin Midstream Partners*

Martin Midstream Partners is a publicly traded limited partnership with a diverse set of operations focused primarily in the United States Gulf Coast region. The Partnership's primary business lines include: terminalling and storage services for petroleum products and by-products; natural gas services; marine transportation services for petroleum products and by-products; sulfur gathering, processing and distribution; and fertilizer manufacturing and distribution.

Additional information concerning the Company is available on the Company's website at [www.martinmidstream.com](http://www.martinmidstream.com).

### *Forward-Looking Statements*

Statements about Martin Midstream Partners' outlook and all other statements in this release other than historical facts are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements and all references to financial estimates rely on a number of assumptions concerning future events and are subject to a number of uncertainties and other factors, many of which are outside its control, which could cause actual results to differ materially from such statements. While MMLP believes that the assumptions concerning future events are reasonable, it cautions that there are inherent difficulties in anticipating or predicting certain important factors. A discussion of these factors, including risks and uncertainties, is set forth in the Company's annual and quarterly reports filed from time to time with the Securities and Exchange Commission. Martin Midstream Partners disclaims any intention or obligation to revise any forward-looking statements, including financial estimates, whether as a result of new information, future events, or otherwise.

### *Use of Non-GAAP Financial Information*

MMLP reports its financial results in accordance with generally accepted accounting principles. However, from time to time, MMLP uses certain non-GAAP financial measures such as distributable cash flow because management believes that this measure may provide users of this financial information with meaningful comparisons between current results and prior reported results and a meaningful measure of MMLP's cash flow after it has satisfied the capital and related requirements of its operations. Distributable cash flow is not a measure of financial performance or liquidity under GAAP. It should not be considered in isolation or as an indicator of MMLP's performance. Furthermore, it should not be seen as a measure of liquidity or a substitute for comparable metrics prepared in accordance with GAAP. This information may constitute a non-GAAP financial measure within the meaning of Regulation G adopted by the Securities and Exchange Commission. Accordingly, MMLP has presented herein, and will present in other information it publishes that contains this non-GAAP financial measure, a reconciliation of this measure to the most directly comparable GAAP financial measure.

The Company has included below a table entitled "Distributable Cash Flow" in order to show the components of this non-GAAP financial measure and its reconciliation to the most comparable GAAP measure. MMLP calculates distributable cash flow as follows: net income (as reported in Statements of Operations), plus depreciation and amortization and amortization of deferred debt issuance costs (as reported in Statements of Cash Flows), plus distribution equivalents from unconsolidated entities (as described below), plus invested cash in unconsolidated entities (as described below), less equity in earnings of unconsolidated entities (as reported in Statements of Operations), plus non-cash mark-to-market on derivatives (as reported in Statements of Cash Flows), less maintenance capital expenditures (as described below), plus unit-based compensation (as reported in Statements of Capital).

MMLP's *distribution equivalents from unconsolidated entities* is calculated as distributions from unconsolidated entities (as reported in Statements of Cash Flows), plus return of investments from unconsolidated entities (as reported in Statements of Cash Flows), plus distributions in-kind from equity investments (as reported in Statements of Cash Flows). For the quarter ended March 31, 2007, MMLP's distributions from unconsolidated entities, return of investments from unconsolidated entities and distributions in-kind from equity investments were \$0.2 million, \$1.1 million and \$1.9 million, respectively.

MMLP's *invested cash in unconsolidated entities* is calculated as investments in unconsolidated entities (as reported in Statements of Cash Flows), plus expansion capital expenditures in unconsolidated entities (as reported under the caption "Liquidity and Capital Resources" in MMLP's Quarterly Report on Form 10-Q filed on May 7, 2007). For the quarter ended March 31, 2007, MMLP's investments in unconsolidated entities and expansion capital expenditures in unconsolidated entities were \$3.9 million and \$4.1 million, respectively.

MMLP's *capital expenditures* include both expansion and maintenance capital expenditures and are calculated as payments for property, plant and equipment (as reported in Statements of Cash Flows), plus acquisitions, net of cash acquired (as reported in Statements of Cash Flows). For the quarter ended March 31, 2007, payments for property, plant and equipment and acquisitions were \$15.8 million and \$0.0 million, respectively. For the quarter ended March 31, 2007, expansion capital expenditures were \$14.8 million, excluding expansion capital expenditures in unconsolidated entities. For the quarter ended March 31, 2007, maintenance capital expenditures were \$1.0 million, including \$0.1 million in hurricane-related maintenance capital expenditures, excluding maintenance capital expenditures in unconsolidated entities.

**MARTIN MIDSTREAM PARTNERS L.P.**  
**CONSOLIDATED AND CONDENSED BALANCE SHEETS**  
(Dollars in thousands)

	<b>March 31,</b>	<b>December</b>
	<b>2007</b>	<b>31,</b>
	<b>(Unaudited)</b>	<b>2006</b>
		<b>(Audited)</b>
<b>Assets</b>		
Cash .....	\$ 4,578	\$ 3,675
Accounts and other receivables, less allowance for doubtful accounts of \$242 and \$394 .....	58,676	56,712
Product exchange receivables .....	1,982	7,076
Inventories .....	26,169	33,019
Due from affiliates .....	1,100	1,330
Other current assets .....	1,317	2,041
<b>Total current assets</b> .....	<u>93,822</u>	<u>103,853</u>
Property, plant, and equipment, at cost .....	339,731	323,967
Accumulated depreciation .....	(80,860)	(76,122)
Property, plant and equipment, net .....	<u>258,871</u>	<u>247,845</u>
Goodwill .....	27,600	27,600
Investment in unconsolidated entities .....	73,406	70,651
Other assets, net .....	6,594	7,512
	<u>\$ 460,293</u>	<u>\$ 457,461</u>
<b>Liabilities and Partners' Capital</b>		
Current installments of long-term debt .....	\$ 75	\$ 74
Trade and other accounts payable .....	55,239	53,450
Product exchange payables .....	6,018	14,737
Due to affiliates .....	7,959	10,474
Income taxes payable .....	276	86
Other accrued liabilities .....	3,293	3,876
<b>Total current liabilities</b> .....	<u>72,860</u>	<u>82,697</u>
Long-term debt .....	190,001	174,021
Other long-term obligations .....	2,671	2,218
<b>Total liabilities</b> .....	<u>265,532</u>	<u>258,936</u>
Partners' capital .....	195,750	198,403
Accumulated other comprehensive income (loss) .....	(989)	122
<b>Total partners' capital</b> .....	<u>194,761</u>	<u>198,525</u>
Commitments and contingencies .....		
	<u>\$ 460,293</u>	<u>\$ 457,461</u>

These financial statements should be read in conjunction with the financial statements and the accompanying notes and other information included in MMLP's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 7, 2007.

**MARTIN MIDSTREAM PARTNERS L.P.**  
**CONSOLIDATED AND CONDENSED STATEMENTS OF OPERATIONS**  
**(Unaudited)**  
**(Dollars in thousands, except per unit amounts)**

	Three Months Ended March 31,	
	2007	2006
Revenues:		
Terminalling and storage.....	\$ 6,951	\$ 5,756
Marine transportation.....	13,884	9,312
Product sales:		
Natural gas services.....	101,788	101,924
Sulfur.....	15,171	15,389
Fertilizer.....	14,209	12,025
Terminalling and storage.....	3,793	2,416
	<u>134,961</u>	<u>131,754</u>
Total revenues.....	<u>155,796</u>	<u>146,822</u>
Costs and expenses:		
Cost of products sold:		
Natural gas services.....	96,772	98,083
Sulfur.....	10,337	10,471
Fertilizer.....	11,464	11,000
Terminalling and storage.....	3,015	1,999
	<u>121,588</u>	<u>121,553</u>
Expenses:		
Operating expenses.....	18,993	13,900
Selling, general and administrative.....	2,721	2,386
Depreciation and amortization.....	4,894	3,952
Total costs and expenses.....	<u>148,196</u>	<u>141,791</u>
Other operating income.....	—	853
Operating income.....	<u>7,600</u>	<u>5,884</u>
Other income (expense):		
Equity in earnings of unconsolidated entities.....	2,050	2,412
Interest expense.....	(3,577)	(3,018)
Debt prepayment premium.....	—	(1,160)
Other, net.....	79	169
Total other income (expense).....	<u>(1,448)</u>	<u>(1,597)</u>
Net income before taxes.....	6,152	4,287
Income taxes.....	349	—
Net income.....	<u>\$ 5,803</u>	<u>\$ 4,287</u>
General partner's interest in net income.....	\$ 275	\$ 246
Limited partners' interest in net income.....	\$ 5,528	\$ 4,041
Net income per limited partner unit – basic and diluted.....	\$ 0.42	\$ 0.33
Weighted average limited partner units – basic.....	13,152,826	12,299,009
Weighted average limited partner units – diluted.....	13,155,125	12,301,980

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**MARTIN MIDSTREAM PARTNERS L.P.**  
**CONSOLIDATED AND CONDENSED STATEMENTS OF CAPITAL**  
**(Unaudited)**  
**(Dollars in thousands)**

	Partners' Capital					Accumulated Other Comprehensive Income Amount	Total
	Common		Subordinated		General Partner		
	Units	Amount	Units	Amount	Amount		
Balances – January 1, 2006.....	5,829,652	\$100,206	3,402,690	\$ (5,642)	\$ 1,001	\$ —	\$ 95,565
Net income.....	—	2,984	—	1,057	246	—	4,287
Follow-on public offering.....	3,450,000	95,273	—	—	—	—	95,273
General partner contribution.....	—	—	—	—	2,052	—	2,052
Unit-based compensation.....	3,000	4	—	—	—	—	4
Cash distributions.....	—	(5,662)	—	(2,076)	(277)	—	(8,015)
Adjustment in fair value of derivatives.....	—	—	—	—	—	(226)	(226)
Balances – March 31, 2006.....	<u>9,282,652</u>	<u>\$192,805</u>	<u>3,402,690</u>	<u>\$ (6,661)</u>	<u>\$3,022</u>	<u>\$ (226)</u>	<u>\$188,940</u>
Balances – January 1, 2007.....	10,603,808	\$201,387	2,552,018	\$ (6,237)	\$ 3,253	\$ 122	\$198,525
Net income.....	—	4,608	—	920	275	—	5,803
Cash distributions.....	—	(6,574)	—	(1,582)	(311)	—	(8,467)
Unit-based compensation.....	—	11	—	—	—	—	11
Adjustment in fair value of derivatives.....	—	—	—	—	—	(1,111)	(1,111)
Balances – March 31, 2007.....	<u>10,603,808</u>	<u>\$199,432</u>	<u>2,552,018</u>	<u>\$ (6,899)</u>	<u>\$3,217</u>	<u>\$ (989)</u>	<u>\$194,761</u>

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**MARTIN MIDSTREAM PARTNERS L.P.**  
**CONSOLIDATED AND CONDENSED STATEMENTS OF COMPREHENSIVE INCOME**  
**(Unaudited)**  
**(Dollars in thousands)**

	Three Months Ended March 31,	
	2007	2006
Net income.....	\$ 5,803	\$ 4,287
Changes in fair values of commodity cash flow hedges.....	(164)	(226)
Commodity hedging losses reclassified to earnings.....	(432)	—
Changes in fair value of interest rate cash flow hedges.....	(515)	—
Comprehensive income.....	<u>\$ 4,692</u>	<u>\$ 4,061</u>

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**MARTIN MIDSTREAM PARTNERS L.P.**  
**CONSOLIDATED AND CONDENSED STATEMENTS OF CASH FLOWS**  
(Unaudited)  
(Dollars in thousands)

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2007</b>	<b>2006</b>
<b>Cash flows from operating activities:</b>		
Net income.....	\$5,803	\$4,287
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization.....	4,894	3,952
Amortization of deferred debt issuance costs.....	270	249
(Gain) on involuntary conversion of property, plant and equipment.....	—	(853)
Equity in earnings of unconsolidated entities.....	(2,050)	(2,412)
Distributions from unconsolidated entities.....	200	160
Distributions in-kind from equity investments.....	1,853	1,932
Non-cash mark-to-market on derivatives.....	593	82
Other.....	11	8
Change in current assets and liabilities, excluding effects of acquisitions and dispositions:		
Accounts and other receivables.....	(1,964)	16,967
Product exchange receivables.....	5,094	(2,910)
Inventories.....	6,850	2,067
Due from affiliates.....	230	(1,739)
Other current assets.....	26	(128)
Trade and other accounts payable.....	1,789	(19,995)
Product exchange payables.....	(8,719)	1,658
Due to affiliates.....	(2,515)	2,854
Income taxes payable.....	190	(5,060)
Other accrued liabilities.....	(770)	(1,556)
Change in other non-current assets and liabilities.....	126	(35)
Net cash provided (used) by operating activities.....	<u>11,911</u>	<u>(472)</u>
<b>Cash flows from investing activities:</b>		
Payments for property, plant and equipment.....	(15,764)	(19,101)
Acquisitions, net of cash acquired.....	—	(7,451)
Proceeds from sale of property, plant and equipment.....	—	720
Return of investments from unconsolidated entities.....	1,125	150
Investments in unconsolidated entities.....	(3,883)	(546)
Net cash used in investing activities.....	<u>(18,522)</u>	<u>(26,228)</u>
<b>Cash flows from financing activities:</b>		
Payments of long-term debt.....	(25,119)	(82,904)
Proceeds from long-term debt.....	41,100	19,100
Net proceeds from follow on public offering.....	—	95,273
Payments of debt issuance costs.....	—	(12)
General partner contribution.....	—	2,052
Cash distributions paid.....	(8,467)	(8,015)
Net cash provided by financing activities.....	<u>7,514</u>	<u>25,494</u>
Net increase (decrease) in cash.....	903	(1,206)
Cash at beginning of period.....	<u>3,675</u>	<u>6,465</u>
Cash at end of period.....	<u>\$ 4,578</u>	<u>\$ 5,259</u>

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**MARTIN MIDSTREAM PARTNERS L.P.**  
**DISTRIBUTABLE CASH FLOW**  
(Dollars in thousands)  
(Unaudited Non-GAAP Financial Measure)

	Three Months Ended March 31 <u>2007</u>
Net income	\$ 5,803
Adjustments to reconcile net income to distributable cash flow:	
Depreciation and amortization	4,894
Amortization of deferred debt issuance costs	270
Distribution equivalents from unconsolidated entities <sup>1</sup>	3,178
Invested cash in unconsolidated entities <sup>2</sup>	222
Equity in earnings of unconsolidated entities	(2,050)
Non-cash mark-to-market on derivatives	593
Maintenance capital expenditures <sup>3</sup>	(932)
Unit-based compensation	11
Distributable cash flow	<u>\$ 11,989</u>

	Three Months Ended March 31 <u>2007</u>
<sup>1</sup> Distribution equivalents from unconsolidated entities:	
Distributions from unconsolidated entities	\$ 200
Return of investments from unconsolidated entities	1,125
Distributions in-kind from equity investments	1,853
Distribution equivalents from unconsolidated entities	<u>\$ 3,178</u>
<sup>2</sup> Invested cash in unconsolidated entities:	
Investments in unconsolidated entities	\$ (3,883)
Expansion capital expenditures in unconsolidated entities	4,105
Invested cash in unconsolidated entities	<u>\$ 222</u>
<sup>3</sup> Maintenance capital expenditures:	
Payments for property, plant and equipment	\$ (15,764)
Acquisitions, net of cash acquired	-
Capital expenditures	(15,764)
Expansion capital expenditures	14,729
Hurricane-related maintenance capital expenditures	103
Maintenance capital expenditures	<u>\$ (932)</u>

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