



Putting America's Waterways to Work

NYSE: KEX

June 2014

# Forward Looking Statements Non-GAAP Financial Measures



Statements contained in this presentation with respect to the future are forward-looking statements. These statements reflect management's reasonable judgment with respect to future events. Forward-looking statements involve risks and uncertainties. Actual results could differ materially from those anticipated as a result of various factors, including cyclical or other downturns in demand, significant pricing competition, unanticipated additions to industry capacity, changes in the Jones Act or in U.S. maritime policy and practice, fuel costs, interest rates, weather conditions and the timing, magnitude and the number of acquisitions made by Kirby. Forward-looking statements are based on currently available information and Kirby assumes no obligation to update such statements. A list of additional risk factors can be found in Kirby's annual report on Form 10-K for the year ended December 31, 2013 filed with the Securities and Exchange Commission.

Kirby reports its financial results in accordance with generally accepted accounting principles (GAAP). However, Kirby believes that a certain Non-GAAP financial measure is useful in managing Kirby's businesses and evaluating Kirby's performance. This presentation contains a Non-GAAP financial measure, EBITDA. Please see the Appendix for a reconciliation of GAAP to the Non-GAAP financial measure, EBITDA.

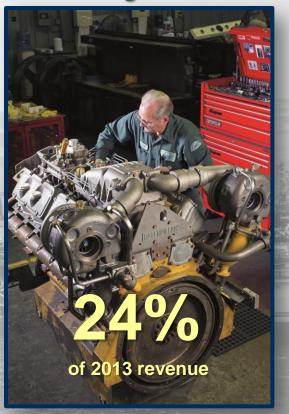
### **Kirby Business Operations**

#### **Marine Transportation**



**Largest U.S. Inland and Coastal Tank Barge Operator** 

#### **Diesel Engine Services**



**Nationwide Diesel Engine Services Provider** 

### **Kirby Public Market Facts**

NYSE: KEX

Current Price (June 5, 2014)	\$114.06
Number of Shares O/S (May 6, 2014)	57.0M
Market Capitalization	\$6,501M
Debt (April 30, 2014)	\$695M
Enterprise Value	\$7,196M
Employees	4,575

### Kirby Facts

#### **Marine Transportation**

- Largest inland and coastal tank barge operator
  - 878 inland tank barges and 255 towboats
  - 72 coastal tank barges and 76 tugboats
  - 80% of inland revenues under term contracts, of which approximately 57% are under time charters
  - 80% of coastal revenues under term contracts, of which approximately 90% are under time charters

#### **Diesel Engine Services**

- Nationwide diesel engine services and parts provider for mediumspeed and high-speed diesel engines
- Manufacturer and remanufacturer of oilfield service equipment and manufacturer of compression equipment

Successful integration of 32 marine and 17 diesel acquisitions

### **Acquisitions in Marine Transportation**

Date	No. of Tank Barges	Description	
1986	5	Alliance Marine	
1989	35	Alamo Inland Marine Co.	
1989	53	Brent Towing Company	
1991	3	International Barge Lines, Inc.	
1992	38	Sabine Towing & Transportation Co.	
1992	26	Ole Man River Towing, Inc.	
1992	29	Scott Chotin, Inc.	
1992	*	South Texas Towing	
1993	72	TPT, Division of Ashland	
1993	*	Guidry Enterprises	
1993	53	Chotin Transportation Company	
1994	96	Dow Chemical (transportation assets)	
1999	270	Hollywood Marine, Inc. – Stellman, Alamo Barge Lines, Ellis Towing, Arthur Smith, Koch Ellis, <mark>Mapco</mark>	
2002	15	Cargo Carriers	
2002	64	Coastal Towing, Inc. (barge management agreement for 54 barges)	

Date	No. of Tank Barges	Description	
2002	94	Dow/Union Carbide (transportation assets)	
2003	64	SeaRiver Maritime (ExxonMobil)	
2005	10	American Commercial Lines (black oil fleet)	
2006	*	Capital Towing	
2007	37	Coastal Towing, Inc. (operated barges since 2002 under barge management agreement)	
2007	21	Cypress Barge Leasing, LLC (operated as leased barges since 1994)	
2007	11	Midland Marine Corporation (operated as leased barges)	
2007	9	Siemens Financial (operated as leased barges)	
2008	6	OFS Marine One (operated as leased barges)	
2011	*	Kinder Morgan (Greens Bayou fleet)	
2011	21	Enterprise Marine (ship bunkering)	
2011	57	K-Sea Transportation (coastal operator)	
2011	3	Seaboats, Inc. (coastal transportation assets)	
2012	17	Lyondell Chemical Co. (transportation assets)	
2012	10	Allied Transportation Co. (coastal transportation assets)	
2012	18	Penn Maritime Inc. (coastal operator)	



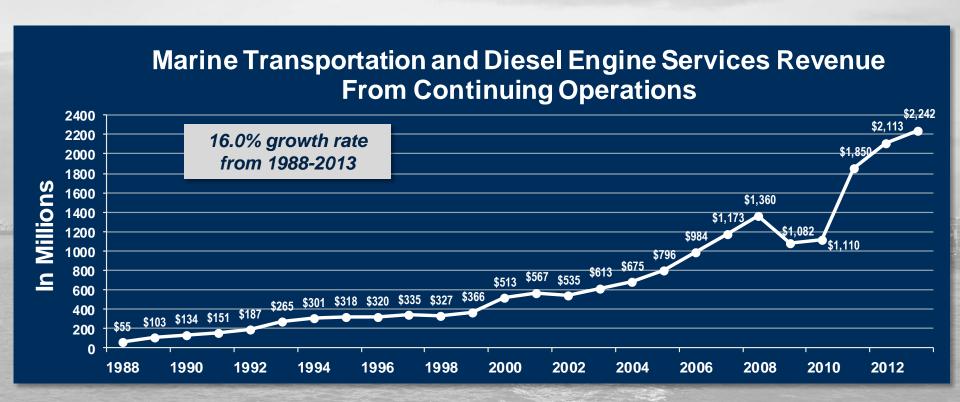
### Acquisitions in Diesel Engine Services

	Acquisitions			
1987	National Marine			
1991	Ewing Diesel			
1995	Percle Enterprises			
1996	MKW Power Systems			
1997	Crowley (Power Assembly Shop)			
2000	West Kentucky Machine Shop			
2000	Powerway			
2004	Walker Paducah Corp.			
2005	TECO (Diesel Services Division)			
2006	Global Power Holding Company			
2006	06 Marine Engine Specialists			
2007	NAK Engineering (Nordberg Engines)			
2007	P&S Diesel Service			
2007	Saunders Engine & Equipment Company			
2008	008 Lake Charles Diesel, Inc.			
2011	United Holdings LLC			
2012	Flag Services & Maintenance, Inc.			

Internal Growth				
1989 Midwest				
1992	Seattle	1		
2000	Cooper Nuclear			

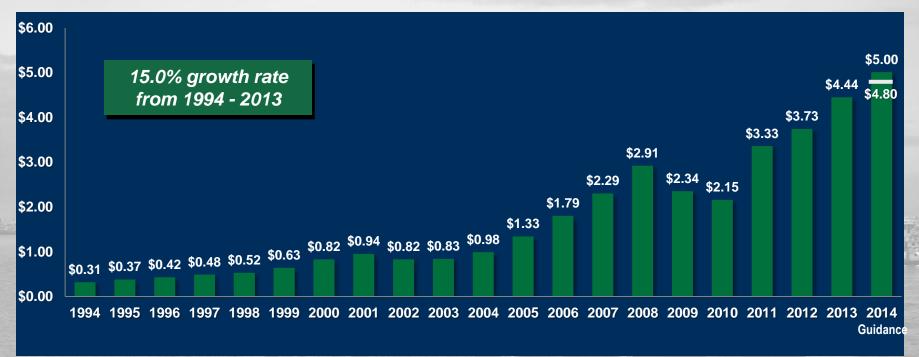


### **Historical Revenue Growth**

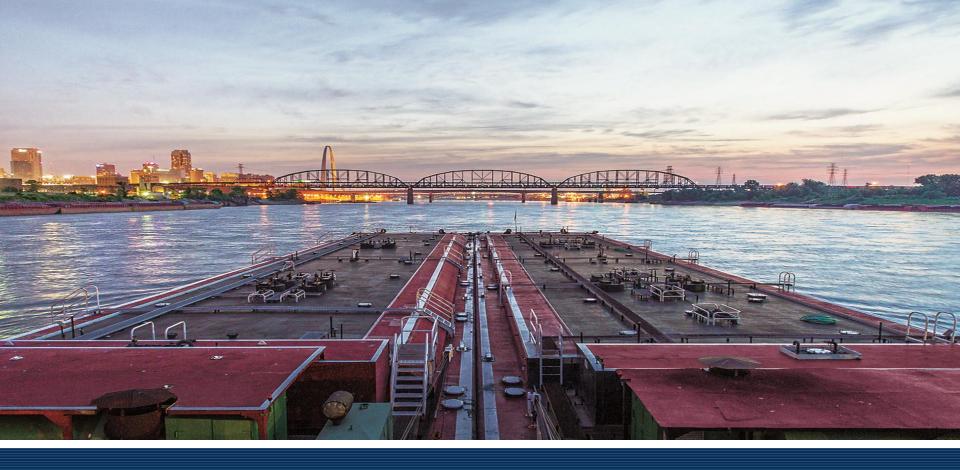


### **Earnings Per Share**

Earnings Per Share From Continuing Operations Excluding Non-Recurring Items



See Appendix for reconciliation of GAAP to Non-GAAP earnings per share Earnings per share have been revised to reflect 2-for-1 stock split effective May 31, 2006



### MARINE TRANSPORTATION

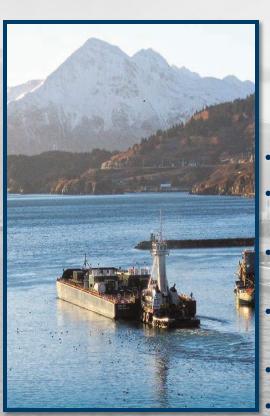


### U.S. Inland and Coastal Waterway Systems



### **Barge Industry Facts**

- The U.S. barge industry serves the inland waterways, U.S. coastal ports, Alaska and Hawaii
  - The inland based business is comprised of approximately 18,000 dry cargo barges and 3,450 liquid tank barges
  - The U.S. coastal business, including Alaska and Hawaii, that operate in the 195,000 barrels or less category is approximately 265 tank barges
- Kirby is principally in the liquid cargo transportation business
- No competition from foreign companies due to a U.S. law known as the Jones Act
- draft, lock and port restrictions limit the size of barges
- Barges are mobile, carry wide range of cargoes and service different geographic markets
- Water transportation plays a vital role in the U.S. economy
- U.S. waterway systems are an environmentally friendly mode of transportation



# Marine Transportation Demand Drivers

#### **End Uses of Products**

	Revenue stribution *	Markets and Products Moved	Products	Drivers
		Benzene, Styrene, Methanol, Acrylonitrile, Xylene, Caustic Soda, Butadiene, Propylene	Consumer non-durables – 70% Consumer durables – 30%	
	26%	Black Oil	Residual Fuel Oil, Coker Feedstock, Vacuum Gas Oil, Asphalt, Carbon Black Feedstock, Crude Oil, Ship Bunkers	Fuel for Power Plants and Ships, Feedstock for Refineries and Road Construction,
	Products Diesel Fuel, Naphross 3% Agricultural Chemicals Anhydrous Ammo		Gasoline, No. 2 Oil, Jet Fuel, Heating Oil, Diesel Fuel, Naphtha, Ethanol	Vehicle Usage, Air Travel, Weather, Refinery Utilization
			Anhydrous Ammonia, Nitrogen-based Liquid Fertilizer, Industrial Ammonia	Corn, Cotton, Wheat Production, Chemical Feedstock Usage

<sup>\*</sup> For the three months ended March 31, 2014

### **Shale Oil Production Creates New Transportation Opportunities**



### **Strong Emphasis on Safety**

- Committed to dedicating resources to achieve safety objectives
  - Extensive company-owned and operated training facility (Towboat Simulator)
- Industry leader
  - First winner of Benkert Award, highest award given by Department of Transportation for safety and environmental protection



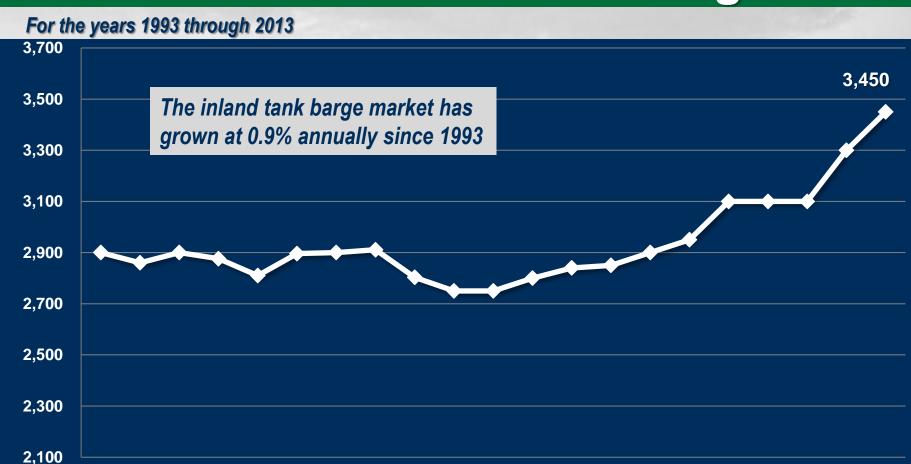
"Safety Is Our Franchise To Operate."



### **Inland Tank Barge Markets**

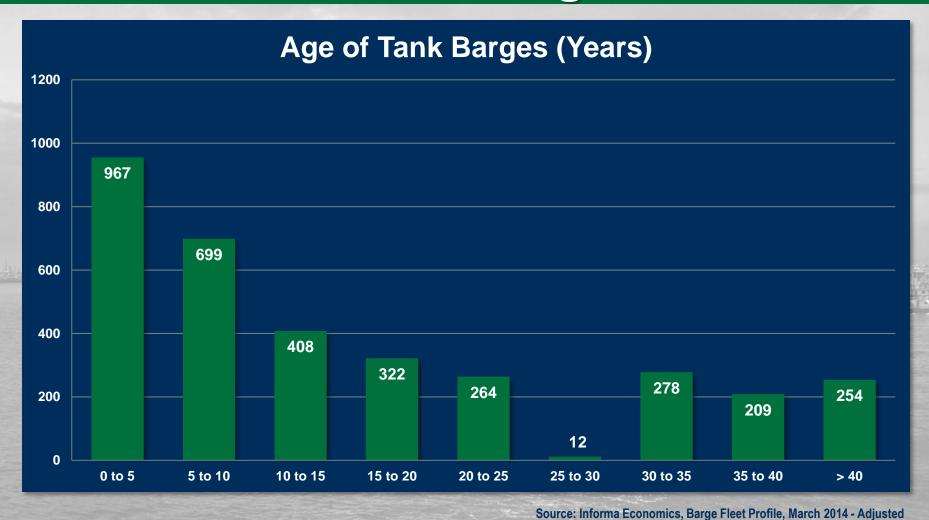


### **Number of Inland Tank Barges**



1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013

### **Inland Tank Barge Fleet**



### **Inland Fleet Size and Flexibility**

#### **Better Asset Utilization**



#### **Tank Barge Fleet**

- Large fleet facilitates better asset utilization
  - More backhaul opportunities
  - Faster barge turnarounds
  - Barges positioned closer to cargoes
  - Less cleaning



#### **Towboat Fleet**

- Operated an average of 255 towboats during the 2014 first quarter
- Chartered towboats used to balance horsepower with demand

#### Inland Tank Barge Owners By Number of Tank Barges

### **Kirby Outpaces the Competition**

Shipper Owned Independent	Tank Barges Operated	Dry Cargo Barges Operated
Kirby Corporation	878	-
American Commercial Lines LLC	349	1,582
Canal Barge Company, Inc.	277	443
Ingram Barge Company	208	4,356
Florida Marine	200	-
Marathon Oil Corporation	200	-
Higman Barge Lines, Inc.	150	-
Blessey Marine Services	146	-
Enterprise Products Partners	120	-
American River Transportation Co	103	1,981
Settoon Towing, LLC	99	-
LeBeouf Brothers Towing Co	80	•
Southern Towing Company	67	•
PPG Industries, Inc.	57	
Magnolia Marine Transport Co	56	-
Martin Midstream Partners	53	-
Genesis Energy, L.P.	49	-
John W. Stone Oil	41	-
Westlake Vinyl	41	-
Golding Barge Lines, Inc.	40	-
Chem Carriers, Inc.	36	-
Buffalo Marine Service, Inc.	34	-
Accu Trans Marine	33	-

		Tank Barges Operated	Dry Cargo Barges Operated
	Devall Barge Line	29	-
	SCF Marine/Waxler	27	-
	Cenac Towing	24	-
	Rhodia, Inc.	20	-
	Olin Corporation	19	-
- 1	NGL Energy Partners	18	-
	River City Towing Services	15	-
	Progressive Barge Line	10	-
	TARGA	9	-
	AgriChemical Marine	8	-
Jan	Cierra Marine	7	-
W. C.F	Merichem Company	6	-
	<b>AEP River Operations</b>	5	2,831
	Natures Way Marine	5	-
-1	Mon River Towing, Inc.	4	-
13	Highland Marine	3	-
	Campbell Transportation	3	445
	James Transportation	3	-
	Plaquemine Towing	3	-
	Other dry cargo carriers	-	6,324
	TOTAL	3,535	17,517



### Coastal Tank Barge Markets

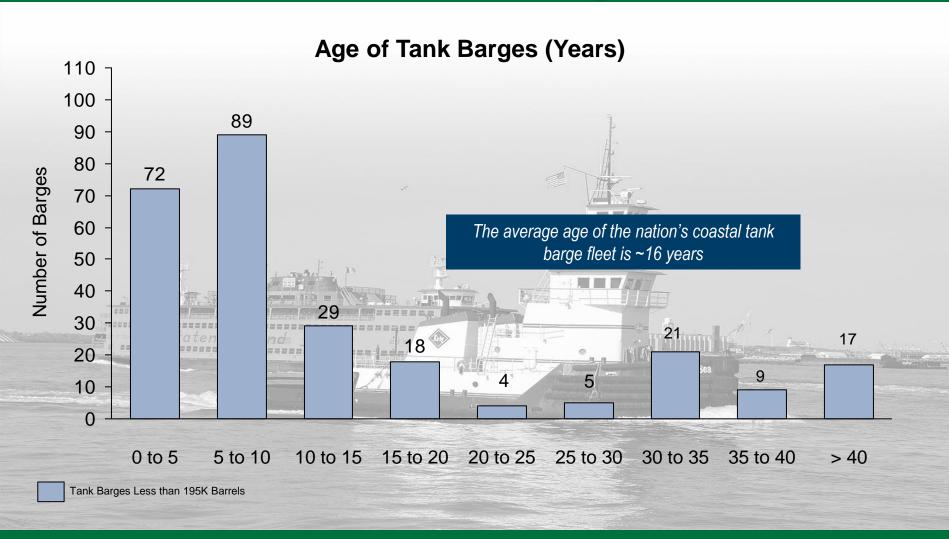




#### **Coastal Tank Barge Markets**

- Largest operator of coastal tank barges and towing vessels participating in the regional distribution of refined petroleum products, black oil and crude oil, and distribution of petrochemicals between PADDs
- Fleet consists of 72 tank barges with 6.0 million barrels of capacity (71 are double hull) and 76 tugboats
- Operates along the U.S. East, West and Gulf Coasts, and in Alaska and Hawaii
- 185,000 barrel and less tank barges, which represents all of Kirby's coastal fleet, have the flexibility to access ports that restrict larger vessels while still delivering large volumes of products for customers
- Signed agreement in 2014 to construct two articulated 185,000 barrel tank barge and 10000 horsepower tugboat units at a cost of \$75 to \$80 million each. One delivery expected in mid-to-late 2015 and one in the first half of 2016
- Board of Directors approved the construction of two 155,000 barrel articulated tank barge and tugboat units, with deliveries expected in 2016

# **Coastal Tank Barge Fleet**





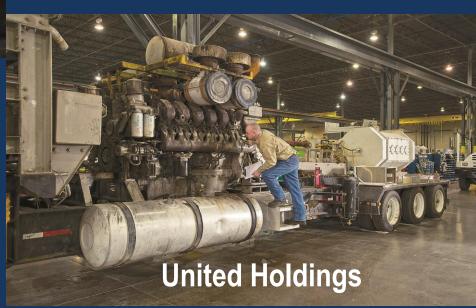
#### **Coastal Tank Barge Owners By Number of Tank Barges**

Kirby Well-Positioned in U.S. Coastal Markets



	Coastal Tank Barges Operated *
Kirby Corporation	72
Vane Brothers	56
Olympic Tug & Barge (Harley Marine)	27
Bouchard Transportation	23
Reinauer Transportation	23
Crowley Marine	14
Moran Towing	10
Saltchuk Resources (Foss Maritime)	10
Genesis Energy L.P.	9
Sause Brothers	8
U.S. Shipping Corporation	4
Martin Gas Marine	3
Overseas Shipholding Group	3
Poling & Cutler	2
	<u>264</u>





### DIESEL ENGINE SERVICES



### **Diesel Engine Services**

	Revenue Distribution *	Markets	Services Offered	Customers and Market Drivers
	62%	Land-Based	Distributes and services high-speed diesel engines and transmissions, and manufactures and remanufactures oilfield service equipment, including hydraulic fracturing equipment	<ul><li>Oil &amp; Gas Services</li><li>Power Generation</li><li>Transportation</li><li>Compression</li></ul>
A STATE OF THE PERSON NAMED IN	28%	Marine	Overhaul, repair and replacement parts provider for medium-speed and high-speed diesel engines, reduction gears, transmissions, starters, governors and marine clutches	<ul> <li>Inland, Coastal and Harbor Waterway Carriers – Dry and Liquid</li> <li>Offshore Oil &amp; Gas Services</li> <li>Offshore Towing – Dry and Liquid</li> <li>Harbor Towing</li> <li>Dredging</li> <li>Great Lakes Ore Carriers</li> </ul>
4	10%	Power Generation, Nuclear and Industrial	Overhaul, repair and replacement parts provider for medium-speed diesel engines and provides diesel engine-generator set upgrades	<ul><li>Standby Power Generation</li><li>Pumping Stations</li><li>Industrial Reduction Gears</li></ul>

<sup>\*</sup> For the three month period ended March 31, 2014



### **Diesel Engine Services**

**Engines and Transmissions/Reduction Gears** 

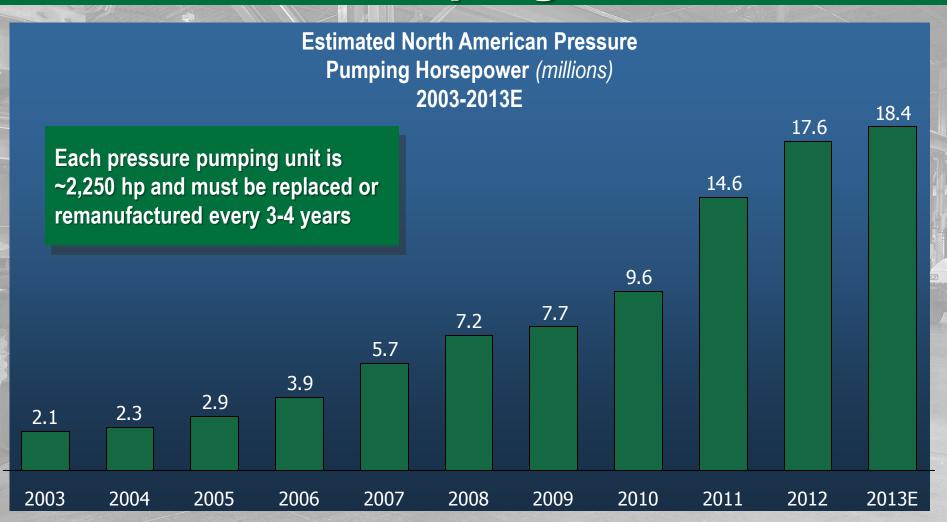


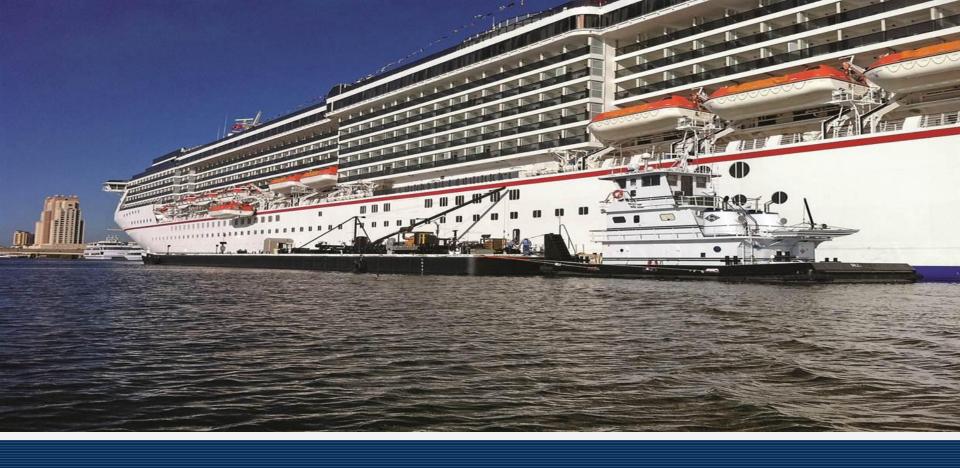
Medium-Speed	<ul><li>Electro-Motive Diesel (EMD)</li><li>Cooper-Bessemer</li><li>Nordberg</li></ul>	
High-Speed	- Caterpillar - Cummins - MTU - Detroit Diesel - John Deere - Isuzu	
Transmissions/ Reduction Gears	- Allison - Falk - Twin Disc	



- One of the largest diesel engine service providers to the land-based oil services market
- Shale oil and gas is an energy "game changer"
- Hydraulic fracturing technology has significantly expanded and reduced the cost of producing U.S. natural gas and oil reserves
- Manufacturer and remanufacturer of oilfield equipment used in the hydraulic fracturing of shale formations
- Heavy duty cycle associated with fracturing has created an annuity for the service and parts business

### **Pressure Pumping Market Size**





### OUTLOOK



#### **2014 Second Quarter and Year Guidance**

- Second quarter 2014 guidance of \$1.25 to \$1.35 per share, versus \$1.11 for 2013 second quarter that included a \$.07 per share benefit to the United earnout liability
- 2014 year guidance of \$4.80 to \$5.00 per share, versus \$4.44 for 2013 that included a \$.20 per share benefit to the United earnout liability
- Marine Transportation:
  - Continued strong inland and coastal demand with utilization in the 90% to 95% level, leading to favorable term and spot contract pricing
- Diesel Engine Services:
  - Land-based market experiencing modest improvement with more meaningful improvement anticipated later in 2014
  - Consistent marine service and power generation markets



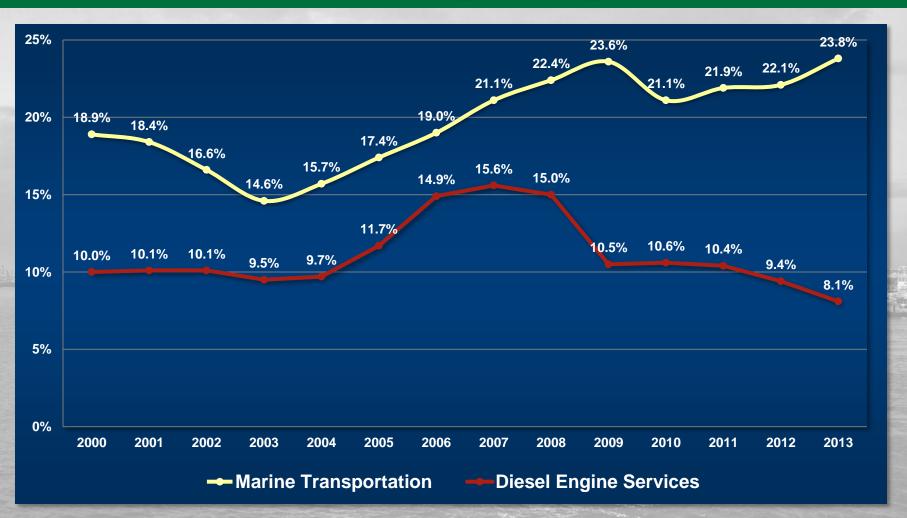
## FINANCIAL HIGHLIGHTS



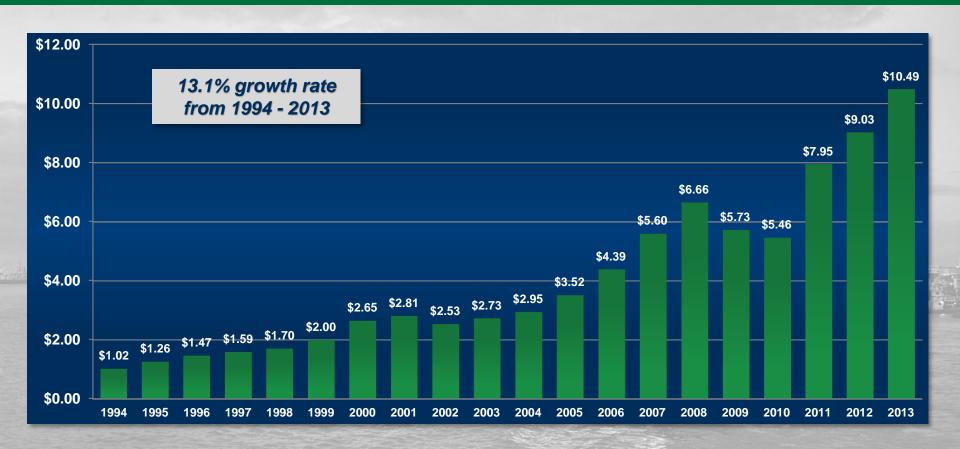
### First Quarter Ended March 31, 2014

			Change	e from 2013
Income Statement	2014	2013	\$	%
Revenues:				
Marine Transportation	\$ 436M	\$ 419M	\$ 17M	4%
Diesel Engine Services	<u> 153</u>	<u> 140</u>	<u> 13</u>	9
Total	\$ <u>589</u> M	\$ <u>559</u> M	\$ <u>30</u> M	<u>5</u> %
Operating Income:				
Marine Transportation	\$ 98M	\$ 89M	\$ 9M	10%
Diesel Engine Services	13	14	(1)	(7)
Corporate Expenses	(4)	(3)	(1)	(33)
	107	100	7	7
Other Expense	(1)	(1)	-	-
Interest Expense	<u>(6)</u>	(8)	2	<u>25</u>
Pre-Tax Earnings	100	91	9	10
Taxes	<u>(38)</u>	(34)	(4)	<u>(12)</u>
Net Earnings	\$ <u>62M</u>	\$ <u>       57M</u>	\$ <u>5M</u>	<u> </u>
Earnings Per Share	\$ <u>1.09</u>	\$ <u>1.00</u>	\$ <u>.09</u>	<u>9%</u>

### **Operating Margins**



### **EBITDA Per Share Growth**

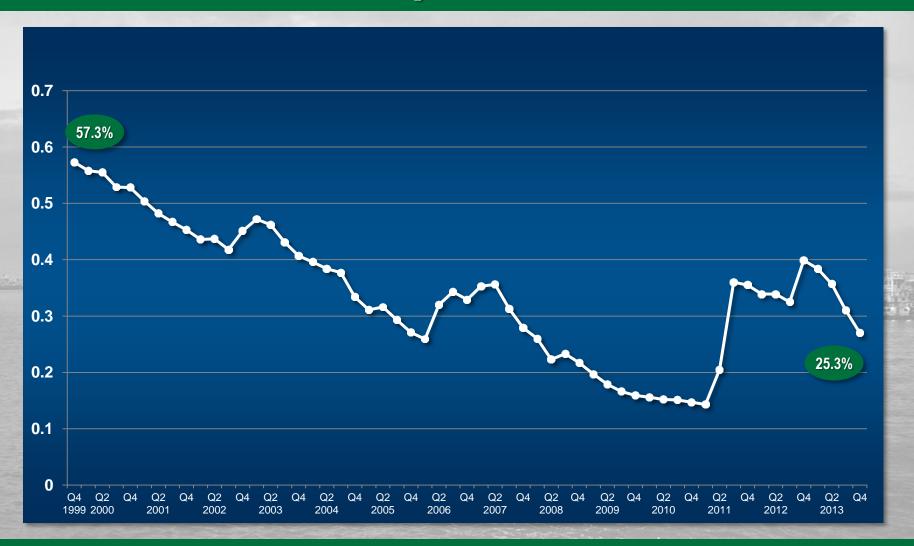


See Appendix for reconciliation of GAAP net earnings to Non-GAAP EBITDA

### **Cash Flows**



### Debt/Capitalization



### Financial Strength

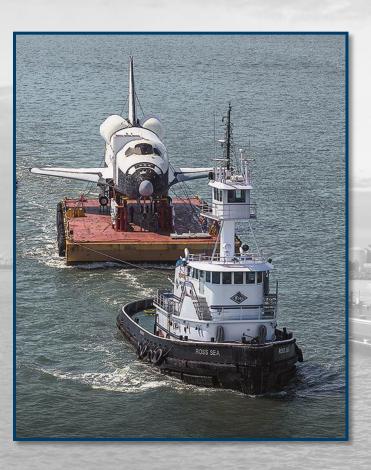
- Investment grade rating
  - Standard & Poor's: A-, stable outlook
  - Moody's: Baa3, stable outlook
  - Fitch: BBB, stable outlook
- \$500 million unsecured Private Placement
  - \$150 million 7-year maturity at 2.79%
  - \$350 million 10-year maturity at 3.34%
  - Proceeds used for Penn Maritime acquisition and replace \$200 million Private Placement in February 2013
- \$325 million Bank Revolving Credit Facility
  - None outstanding as of March 31, 2014
  - Renewed for 5 years in November 2010
- 5 year unsecured Bank Term Loan due May 2016
  - \$208 million outstanding, none current, as of March 31, 2014
  - Floating rate of LIBOR + 1.5%
  - Quarterly amortization in increasing amounts
  - No prepayment penalty



### WHY INVEST IN KIRBY?



## Why Invest in Kirby?



- Consistent long-term record of success
- Experienced Management teams in both core businesses
- Marine Transportation
  - 80% of inland business under term contracts, of which approximately 57% are under time charters
  - 80% of coastal business under term contracts, of which approximately 90% are under time charters
  - Approximately 70% of petrochemicals moved produce consumer nondurable goods, 30% consumer durable
- Diesel Engine Services
  - Provides essential service to marine, land-based, and power generation industries
  - Largest geographic footprint of any U.S. diesel service provider
- Strong financial discipline and cash flow



Thank You For Listening to Our Story

# KIRBY CORPORATION

#### **Reconciliation of GAAP to Non-GAAP Financial Measure**

Kirby reports its financial results in accordance with generally accepted accounting principles (GAAP). However, Kirby believes that the non-GAAP financial measure EBITDA is useful in managing Kirby's businesses and evaluating Kirby's performance.

EBITDA, which Kirby defines as net earnings attributable to Kirby before interest expense, taxes on income, depreciation and amortization, is used because of its wide acceptance as a measure of operating profitability before nonoperating expenses (interest and taxes) and noncash charges (depreciation and amortization). EBITDA is one of the performance measures used in Kirby's incentive bonus plan. EBITDA is also used by rating agencies in determining Kirby's credit rating and by analysts publishing research reports on Kirby, as well as by investors and investment bankers generally in valuing companies.

This non-GAAP financial measure is not a substitute for GAAP financial results and should only be considered in conjunction with Kirby's financial information that is presented in accordance with GAAP.

Quantitative reconciliations of GAAP net earnings attributable to Kirby to Non-GAAP EBITDA are provided in the following tables.

## KIRBY CORPORATION Reconciliation of GAAP Net Earnings Attributable to Kirby to Non-GAAP EBITDA

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	2009	2008	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>				
			(\$ in millions)											
Net earnings attributable to Kirby, GAAP	\$ 253.1	\$ 209.4	\$ 183.0	\$ 116.2	\$ 125.9	\$ 157.2	\$ 123.3	\$ 95.5	\$ 68.8	\$ 49.5				
Interest expense	27.9	24.4	17.9	11.0	11.1	14.1	20.3	15.2	12.8	13.3				
Provision for taxes on income	152.3	127.9	109.3	72.3	78.0	97.4	76.5	58.7	42.3	30.4				
Depreciation and amortization	<u>164.4</u>	<u>145.2</u>	<u>126.0</u>	95.3	94.0	91.2	80.9	64.4	57.4	<u>55.1</u>				
EBITDA, Non-GAAP	<u>\$ 597.7</u>	<u>\$ 506.9</u>	<u>\$ 436.2</u>	<u>\$ 294.8</u>	<u>\$ 309.0</u>	<u>\$ 359.9</u>	<u>\$ 301.0</u>	<u>\$ 233.8</u>	<u>\$ 181.3</u>	<u>\$ 148.3</u>				

### KIRBY CORPORATION Reconciliation of GAAP Net Earnings Attributable to Kirby to Non-GAAP EBITDA

		Three Months Ended June 30,		Three Months Ended September 30, (\$ in millions)		nths Ended mber 31,		Ended ember 31,	Three Months Ended March 31,		
	2013	2012	2013	2012	2013	2012	2013	2012	2014	2013	
Net earnings attributable to Kirby	\$ 63.1	\$ 47.6	\$ 69.1	\$ 53.1	\$ 64.3	\$ 57.8	\$ 253.1	\$ 209.4	\$ 62.3	\$ 56.6	
Interest expense	7.3	5.9	6.7	6.1	6.0	6.6	27.9	24.4	5.6	7.9	
Provision for taxes on income	38.3	29.4	42.0	32.7	37.6	34.3	152.3	127.9	38.0	34.4	
Depreciation and amortization	<u>40.3</u>	<u>35.2</u>	<u>41.6</u>	<u>35.7</u>	41.5	<u>37.8</u>	<u>164.4</u>	<u>145.2</u>	41.0	<u>41.0</u>	
							724	- Terrer		14.15	
EBITDA, Non-GAAP	\$ <u>149.0</u>	\$ <u>118.1</u>	\$ <u>159.4</u>	\$ <u>127.6</u>	\$ <u>149.4</u>	\$ <u>136.5</u>	\$ <u>597.7</u>	\$ <u>506.9</u>	\$ <u>146.9</u>	\$ <u>139.9</u>	

#### KIRBY CORPORATION MARINE TRANSPORTATION PERFORMANCE MEASUREMENTS

	2006 <u>Year</u>	2007 <u>Year</u>	2008 <u>Year</u>	2009 <u>Year</u>	2010 <u>Year</u>	2011 <u>Year</u>	<u>1st Q</u>	2 <sup>nd</sup> Q	2012 3 <sup>rd</sup> Q	4 <sup>th</sup> Q	<u>Year</u>	<u>1st Q</u>	2 <sup>nd</sup> Q	2013 3 <sup>rd</sup> Q	4 <sup>th</sup> Q	<u>Year</u>	2014 1st Q
Inland Performance Measurements:																	
Ton miles (in millions) (1)	15,649	16,716	14,267	11,977	12,957	13,414	3,282	3,194	2,791	2,957	12,224	3,012	2,969	2,904	2,869	11,754	2,990
Revenues/Ton mile (cents/tm) (2)	4.9	5.3	7.3	7.1	6.8	7.6	8.1	8.3	9.8	9.5	8.9	9.3	9.7	9.9	10.0	9.8	9.6
Towboats operated (3)	241	253	256	220	221	240	242	239	246	253	245	256	262	256	253	256	255
Delays days (4)	7,489	8,157	8,267	5,201	5,772	6,777	2,471	1,164	1,244	1,479	6,358	2,049	2,520	1,289	1,985	7,843	2,897

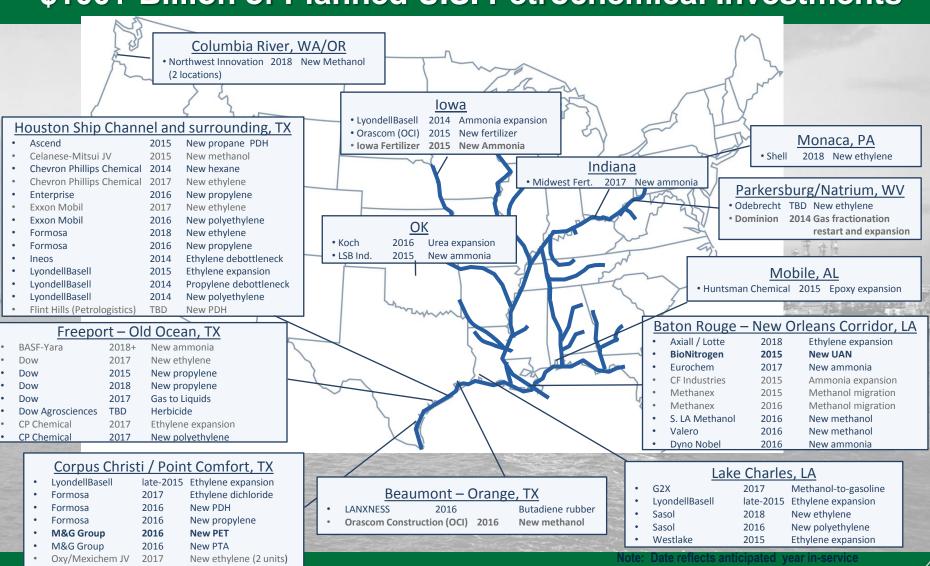
<sup>(1)</sup> Ton miles indicate fleet productivity by measuring the distance (in miles) a loaded inland tank barge is moved. Example: A typical 30,000 barrel inland tank barge loaded with 3,300 tons of liquid cargo is moved 100 miles, thus generating 330,000 ton miles.

<sup>(2)</sup> Inland marine transportation revenues divided by ton miles. Example: 1st quarter 2014 inland marine revenues of \$287,845,000 divided by 2,990,000,000 ton miles = 9.6 cents.

<sup>(3)</sup> Towboats operated, is the average number of owned and chartered inland towboats operated during the period.

<sup>(4)</sup> Delay days measures the lost time incurred by an inland tow (inland towboat and one or more inland tank barges) during transit. The measure includes transit delays caused by weather, lock congestion and other navigational factors.

#### \$100+ Billion of Planned U.S. Petrochemical Investments



Note: Date reflects anticipated year in-service Sources: ICIS, Company announcements, Kirby Corp.