

June 13, 2017



Kirby Corporation Acquisition of Stewart & Stevenson

Conference Call Reference Materials

Forward-Looking Statements

Statements contained in this document 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 timing, magnitude and number of acquisitions made by Kirby. Forward-looking statements are based on currently available information and Kirby assumes no obligation to update any 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, 2016 filed with the Securities and Exchange Commission.

Acquisition Overview

Purchase Price

- **\$710 million in total base consideration**
- Stock acquisition with asset value step-up and tax deductible goodwill amortization
- Stock consideration valued at closing (subject to certain conditions) based on trailing 20 day average

Value Created

- Expected to exceed 12% IRR through the cycle
- Distribution and rental business has lower volatility than manufacturing
- EPS, EBIT and cash flow accretive over first 12 months
- Anticipated cost synergies of \$25 million plus; capacity and technician utilization improvements

Financing

- **~50% cash** (from \$432 million approx. available on current revolver)
- **~50% Kirby stock**
- Cash portion could increase if the average stock price falls below a certain level

Timing

- Signed purchase and sale agreement on June 13, 2017
- Closing expected in the third quarter

Acquisition Rationale

Expanded Geographic Presence: Distributor territories are a natural complement to the legacy distribution and services business, and will enhance our customer service and support capabilities

Strategic Flexibility: Achieves significantly greater size, scale and scope for Kirby's distribution and services segment which widens Kirby's strategic opportunity set

Customer Profile: S&S customer base includes more industrial, non-oil & gas companies which should contribute more ratable, predictable revenues and earnings for Kirby's distribution and services segment

Revenue Mix: 75/25 distribution/manufacturing, compared to land-based distribution and services business of approximately 50/50, historically. Distribution revenues are less volatile than manufacturing

Synergies and Efficiencies: Expected synergies of \$25 million in the first two years. Operational efficiencies in leveraging best practices across S&S and legacy business. Additional upside from integration of S&S engineering and proprietary systems in current manufacturing processes and product offerings

Stewart & Stevenson Company Overview



Manufacturing Technologies

Business Description:

- Four facilities
- Diverse and comprehensive product offering
 - Frac equipment
 - Rigs
 - Seismic
 - Switchgear and drive systems
 - Rail King mobile railcar movers

Complements with Kirby portfolio:

- Access to S&S designs and controls
- Additional product diversity in rigs, seismic, switchgears, and Rail King products
- Additional manufacturing capacity

Distribution

Business Description:

- Allison, MTU, DTNA, EMD and Deutz distribution
- 42 branches
- Rental equipment business with 1,400 pieces of equipment including generators, load banks, fork lifts, pumps, compressors, and Rail King units



Complements with Kirby portfolio:

- EMD business
- Contiguous territory across major shale basins (Eagle Ford, Permian, SCOOP)
- Opportunities in rental business
- Opportunities to grow in other end markets

Kirby and Stewart & Stevenson Locations

