



# Investor Presentation

NYSE: KEX

August 2020

# 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 timing, magnitude and number of acquisitions made by Kirby, and the impact of the COVID-19 pandemic and the related response of governments on global and regional market conditions. 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, 2019 and in subsequent quarterly filings on Form 10-Q.

Kirby reports its financial results in accordance with generally accepted accounting principles (GAAP). However, Kirby believes that certain Non-GAAP financial measures are useful in managing Kirby's businesses and evaluating Kirby's performance. This presentation contains Non-GAAP financial measures including: EBITDA; operating income, excluding one-time items; earnings before taxes on income, excluding one-time items; net earnings attributable to Kirby, excluding one-time items; and diluted earnings per share, excluding one-time items, and free cash flow. Please see the Appendix for a reconciliation of GAAP to Non-GAAP financial measures.

On the Cover: The *Kirby 155-03*, Kirby Offshore Marine's newest 155,000-barrel coastal tank barge, with the *M/V Ronnie Murph*, an 8000 horsepower tugboat, loads petrochemicals near Mobile, Alabama. This articulated tank barge ("ATB") unit is the newest coastal ATB in Kirby's fleet and was placed in service in early 2019. Photo credit: Shane Rice





# Company Overview

## Marine Transportation

*The largest inland and coastwise tank barge fleets in the United States*

- 40 successful acquisitions
- 1,131 inland tank barges and 324 towboats
  - 65% of inland revenues under term contracts, of which approximately 68% are under time charters
- 47 coastal tank barges and 44 tugboats
  - 85% of coastal revenues under term contracts, of which approximately 90% are under time charters

**66% of 2020 YTD Revenue**  
or \$784.2 million



## Distribution and Services

*Nationwide service provider and distributor of engines, transmissions, parts, industrial equipment and oilfield service equipment*

- 20 successful acquisitions
- Manufacturer, remanufacturer and service provider of oilfield service equipment
- Provider of rental equipment including generators, material-handling equipment, pumps, and compressors for use in a variety of industrial markets

**34% of 2020 YTD Revenue**  
or \$400.8 million

Return on Capital Driven Investment Decisions



\* Barge and towboat counts as of June 30, 2020



# Public Market Information

## NYSE: KEX

Share Price on July 31, 2020	\$46.24
Shares Outstanding as of June 30, 2020	60.0 MM
Market Capitalization	\$2,774 MM
Net Debt* as of June 30, 2020	\$1,534 MM
Enterprise Value	\$4,308 MM



\* Net debt = Total debt less cash and cash equivalents



# Marine Transportation Acquisitions

Date	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, Ellis Towing, Arthur Smith, Koch Ellis, Mapco
2002	15	Cargo Carriers
2002	64	Coastal Towing, Inc. (barge management agreement for 54 barges)
2002	94	Dow/Union Carbide (transportation assets)
2003	64	SeaRiver Maritime (ExxonMobil)
2005	10	American Commercial Lines (black oil fleet)

Date	Tank Barges	Description
2006	*	Capital Towing
2007	37	Coastal Towing, Inc
2007	11	Midland Marine Corporation (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	58	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)
2015	6	Martin Midstream Partners (pressure barges)
2016	27	SEACOR Holdings Inc. (inland barge assets)
2016	4	Hollywood/Texas Olefins, Ltd. ("TPC")
2017	13	Undisclosed (9 pressure and 4 clean barges)
2018	163	Higman Marine, Inc.
2018	45	Targa pressure barges (16), CGBM (27) and Undisclosed (2)
2019	63	Cenac Marine transportation assets, Black Lake Fleet
2020	92	Savage Inland Marine transportation assets
2020	4	Undisclosed (4 pressure barges)



Shipper Owned (Red) Independent (Green) \* Towboats Only



# Distribution and Services Expansions

## 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	Marine Engine Specialists
2007	NAK Engineering (Nordberg Engines)
2007	P&S Diesel Service
2007	Saunders Engine & Equipment Company
2008	Lake Charles Diesel, Inc.
2011	United Holdings LLC
2012	Flag Services & Maintenance, Inc.
2016	Valley Power Systems, Inc.
2017	Stewart & Stevenson LLC
2020	Convoy Servicing Company

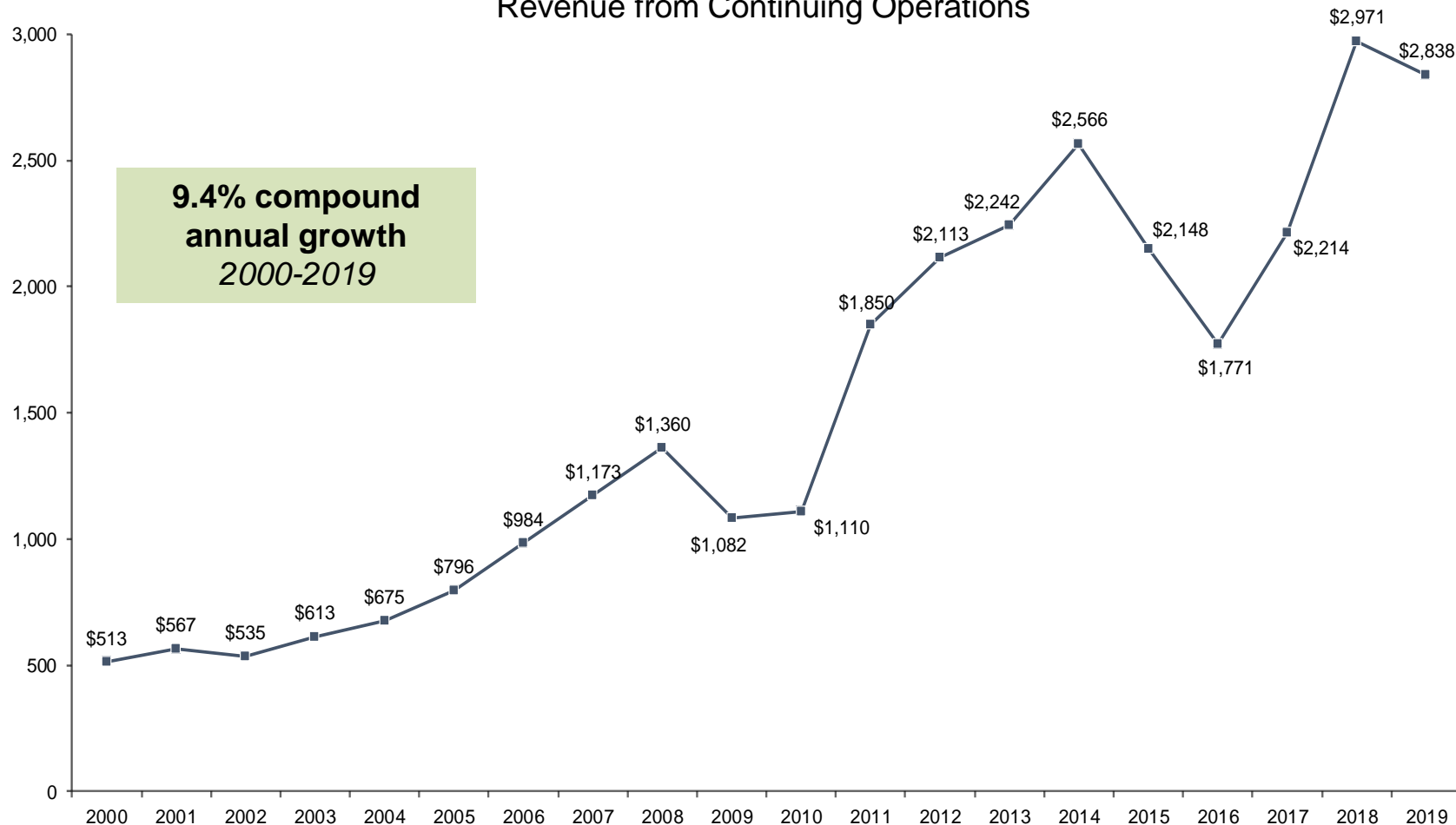
## Internal Growth

1989	Midwest
1992	Seattle
2000	Cooper Nuclear



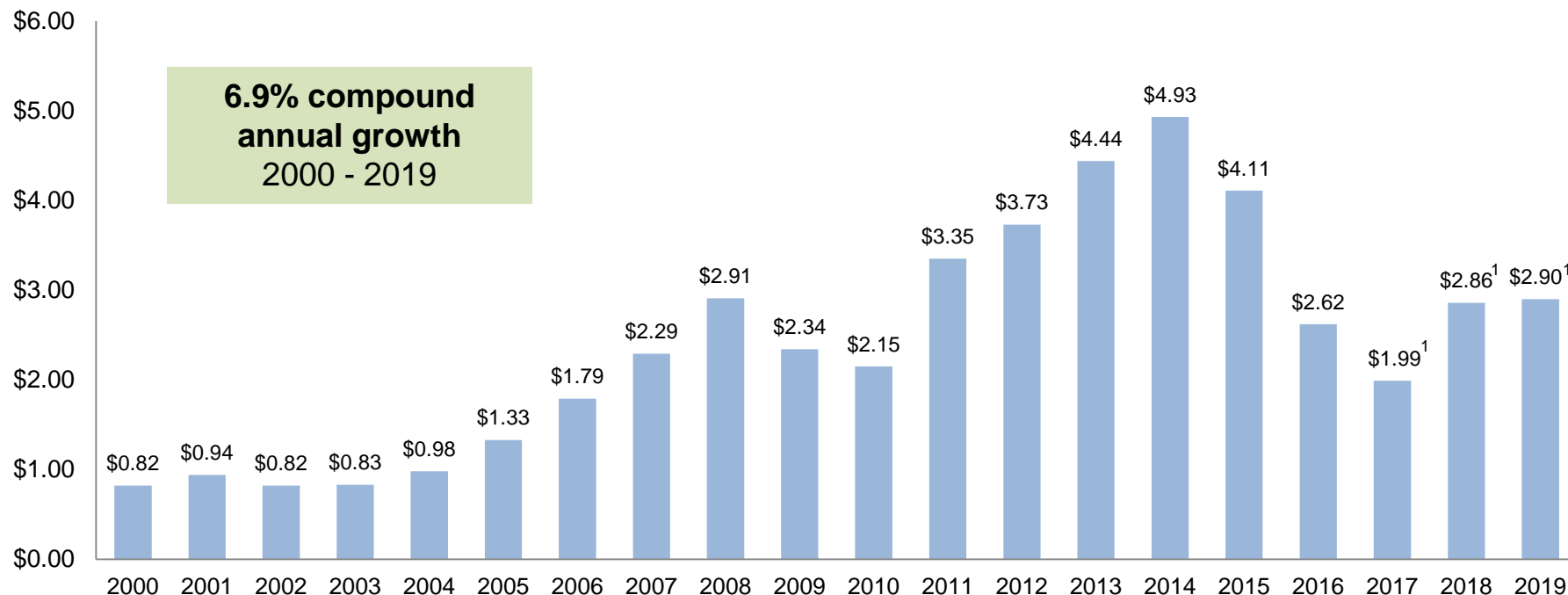
# Historical Revenue Growth

Marine Transportation and Distribution and Services  
Revenue from Continuing Operations



# Historical EPS Growth

## Earnings Per Share, Excluding One-Time Items



Earnings per share have been revised to reflect 2-for-1 stock split effective May 31, 2006

<sup>(1)</sup> 2017, 2018, and 2019 earnings per share exclude one-time charges and benefits. For more information, see the Reconciliation of GAAP to Non-GAAP Financial Measures Excluding One-Time Items in the Appendix of this investor presentation.





# Strong emphasis on safety

- Safety is the first and foremost concern in everything we do
- All levels of supervision have the responsibility for the safety of our employees
- The Board of Directors review safety statistics and major incidents at all levels of the organization
- Investing to ensure safe operations is good for morale and benefits financial performance
- NO HARM award banquets held annually to reward and recognize deserving employees
- NO HARM flags awarded to all towboats, tugboats and facilities with zero incidents
- Kirby has the only inland marine U.S. Coast Guard approved training center
  - Company-owned and operated
  - In-house towboat wheelhouse simulator



**NO** to people  
**HARM** to the environment  
to equipment



Pictured above is our towboat simulator where wheelhouse crew can gain repetitive practice navigating in extreme conditions and high-risk scenarios



# ESG HIGHLIGHTS

For more information, see Kirby's 2020 Sustainability Report located on our website at <https://kirbycorp.com>

**2019**  
**SAFE WATCHES**  
**99.95%**

**~80%** OF BOATS



**BLUE FLAG  
PROGRAM  
RECIPIENTS**

**Perfect Safety  
Record**

**458.7** million  
barrels of cargo  
transported  
**WITHOUT**  
a spill to water

Marine Training  
Certificates  
**INCREASED**  
by  
**63%**  
in the last 3 years





**31%**  
**INCREASE IN**  
**BILGE SLOP  
RECYCLING**   
FOR THE LAST THREE YEARS

**ELECTRIC FRAC  
REDUCES  
NOx EMISSIONS**

**99%** 

Source: USWS

**80%**   
**DECREASE IN**  
**CARGO SPILL RATE**  
**TO WATER SINCE 2002**

**18%**   
**Reduction**  
over the last 5 years of  
Relative  
**CO2e Emissions**  
per Barrel of Capacity

**75+**  
**NON-PROFIT  
ORGANIZATIONS  
BENEFIT FROM THE  
CHARITABLE  
MATCHING PROGRAM**

**DIVERSITY**



**2**



**FEMALE DIRECTORS  
ON THE BOARD**

**EMPLOYEES:**  
WHITE – 57%  
MINORITY – 22%  
UNDISCLOSED – 21%

**INSTITUTIONAL  
INVESTOR AWARD:**



**BEST**  
**IN CORPORATE  
GOVERNANCE**  
Amongst Transportation  
Companies

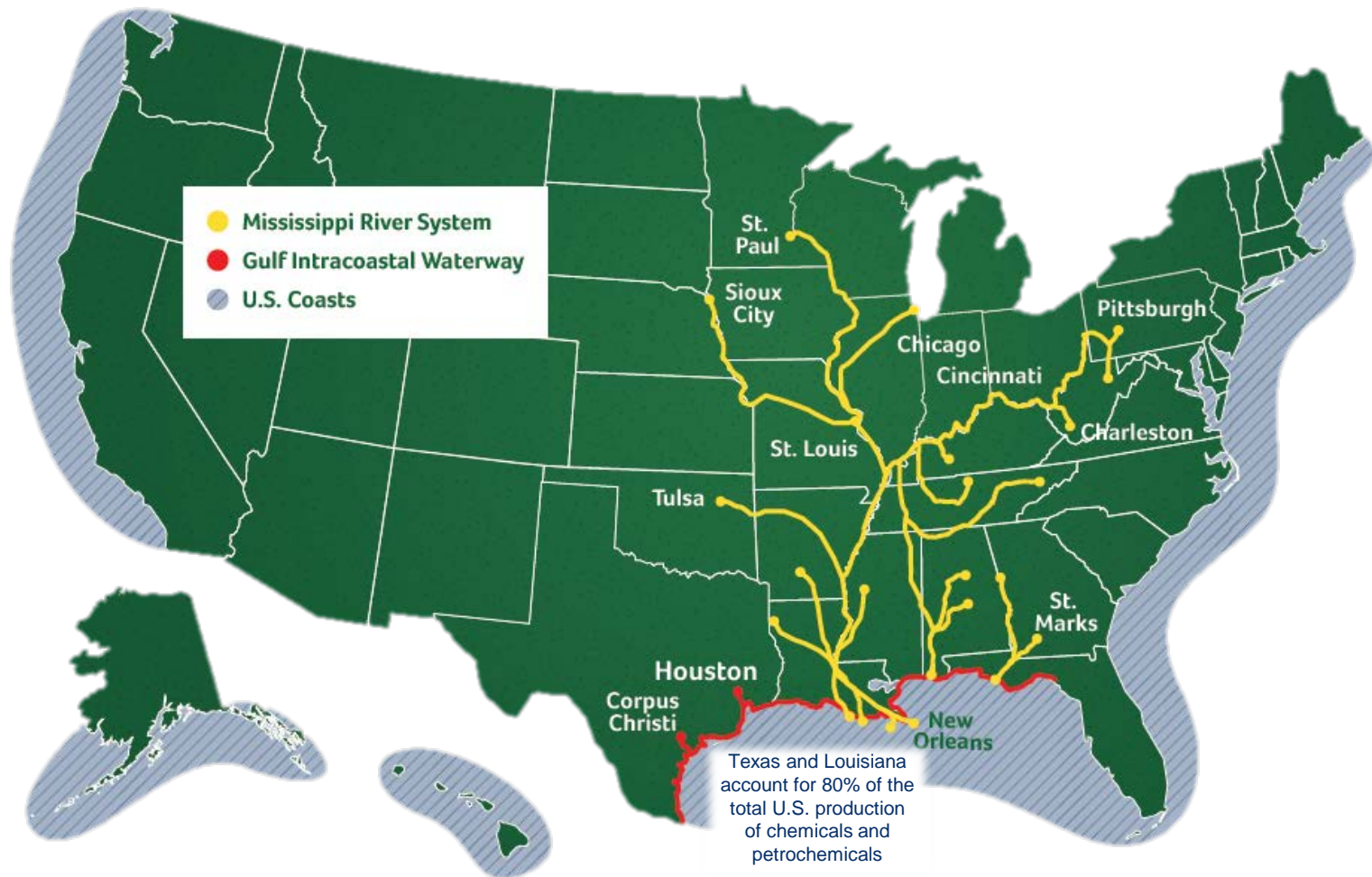
# Marine Transportation

---



# Waterways are a Crucial Link between U.S & Global Trade

Kirby operates on 12,000 miles of navigable US waterways





# Industry Leader Well Positioned for Continued Growth

- The U.S. barge industry serves the inland waterways, U.S. coastal ports, Alaska and Hawaii
- Kirby is principally in the liquid cargo transportation business
  - Inland share (barge count): **28%\***
  - Coastal share (capacity): **21%\*\***
- No competition from foreign companies due to a U.S. law known as the Jones Act
- Barges are mobile, carry wide range of cargoes and service different geographic markets
- Water transportation plays a vital role in the U.S. economy
- Barges are an environmentally friendly mode of transportation



\* Kirby share as of June 30, 2020

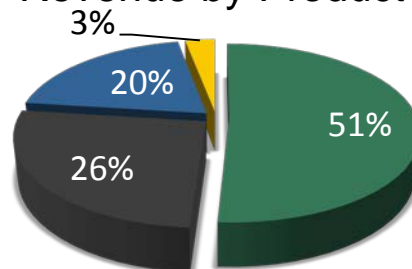
\*\* Barges with 195K bbl. of capacity or less











# Marine Transportation Demand Drivers

## Inland & Offshore Drivers

Revenue by Product<sup>1</sup>

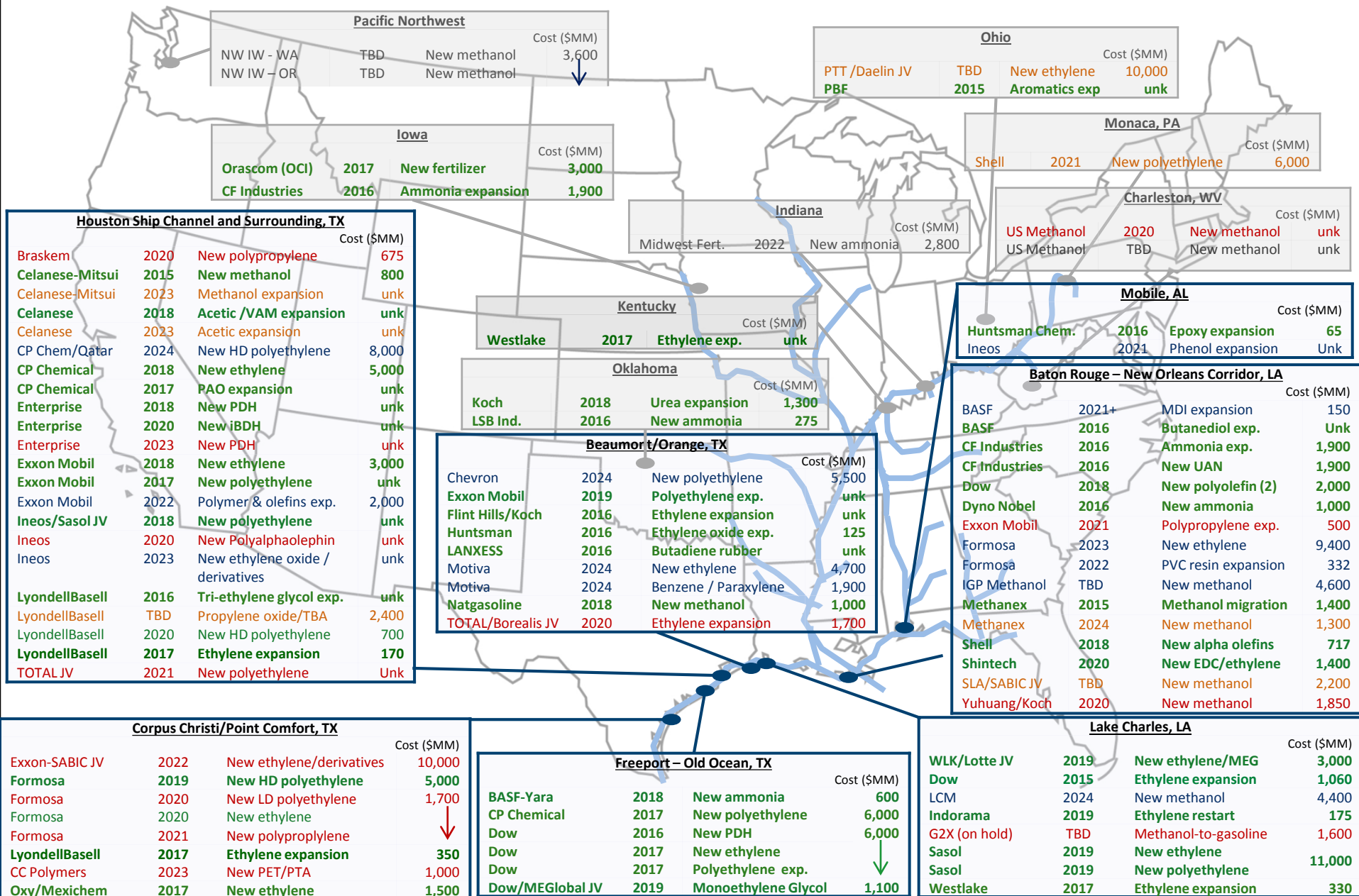


- Petrochemicals and Chemicals
- Black Oil
- Refined Petroleum Products
- Agricultural Chemicals

Markets and Products Moved	Products	Drivers
 Petrochemicals and Chemicals	Benzene, Styrene, Methanol, Naphtha, Acrylonitrile, Xylene, Caustic Soda, Butadiene, Propylene	 <ul style="list-style-type: none"> <li>■ Consumer Durables</li> <li>■ Consumer Non-Durables</li> </ul>
 Black Oil	Residual Fuel Oil, Coker Feedstock, Vacuum Gas Oil, Asphalt, Carbon Black Feedstock, Crude Oil, Natural Gas Condensate, Ship Bunkers	 Fuel for Power Plants and Ships, Feedstock for Refineries, Road Construction
 Refined Petroleum Products	Gasoline, No. 2 Oil (Heating Oil, Diesel Fuel), Jet Fuel, Ethanol	 Vehicle Usage, Air Travel, Weather, Refinery Utilization
 Agricultural Chemicals	Anhydrous Ammonia, Nitrogen-based Liquid Fertilizer, Industrial Ammonia	 Corn, Cotton, Wheat Production, Chemical Feedstocks

<sup>(1)</sup> YTD as of June 30, 2020

# \$150+ Billion of U.S. Petrochemical Investments\*

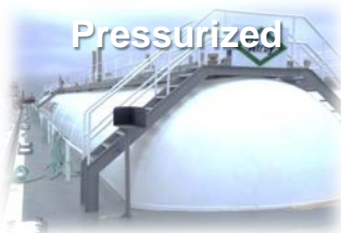


\*Notes: Date reflects anticipated year in-service, blue font reflects announced projects, red font reflects construction in progress, green font reflects on-line, orange font reflects announced project delay due to COVID-19; unk=unknown

# Common Products Moved on the Waterways



**Black Oil**



**Pressurized**



**Petrochemicals**



**Refined Products**



**Agriculture**

## **Product List:**

- Crude Oil
- Asphalt
- Fuel Oil
- Carbon Black
- Vacuum Gas Oil
- Vacuum Tower Bottoms
- Bunker Fuel
- Residual Fuel
- Etc.

## **Product List:**

- LPG
- Propane
- Butadiene
- Isobutane
- Propylene
- Ethylene
- Butane
- Raffinate
- Natural Gasoline
- Etc.

## **Product List:**

- Methanol
- Ethanol
- Reformate
- Naphtha
- Ethylene
- Propylene Oxide
- Monoethylene Glycol
- Vinyl Acetate Monomer
- Benzene
- Ethyl Benzene
- Toluene
- Xylene
- Paraxylene
- Styrene
- Caustic Soda
- Acrylonitrile
- Etc.

## **Product List:**

- Kerosene/Jet Fuel
- Gasoline
- No. 2 Oil
  - Diesel Oil
  - Heating Oil
- Lube Oil
- Etc.

## **Product List:**

- Ammonia
- Ammonium Thiosulfate
- Urea Ammonium Nitrate (UAN)
- Etc.

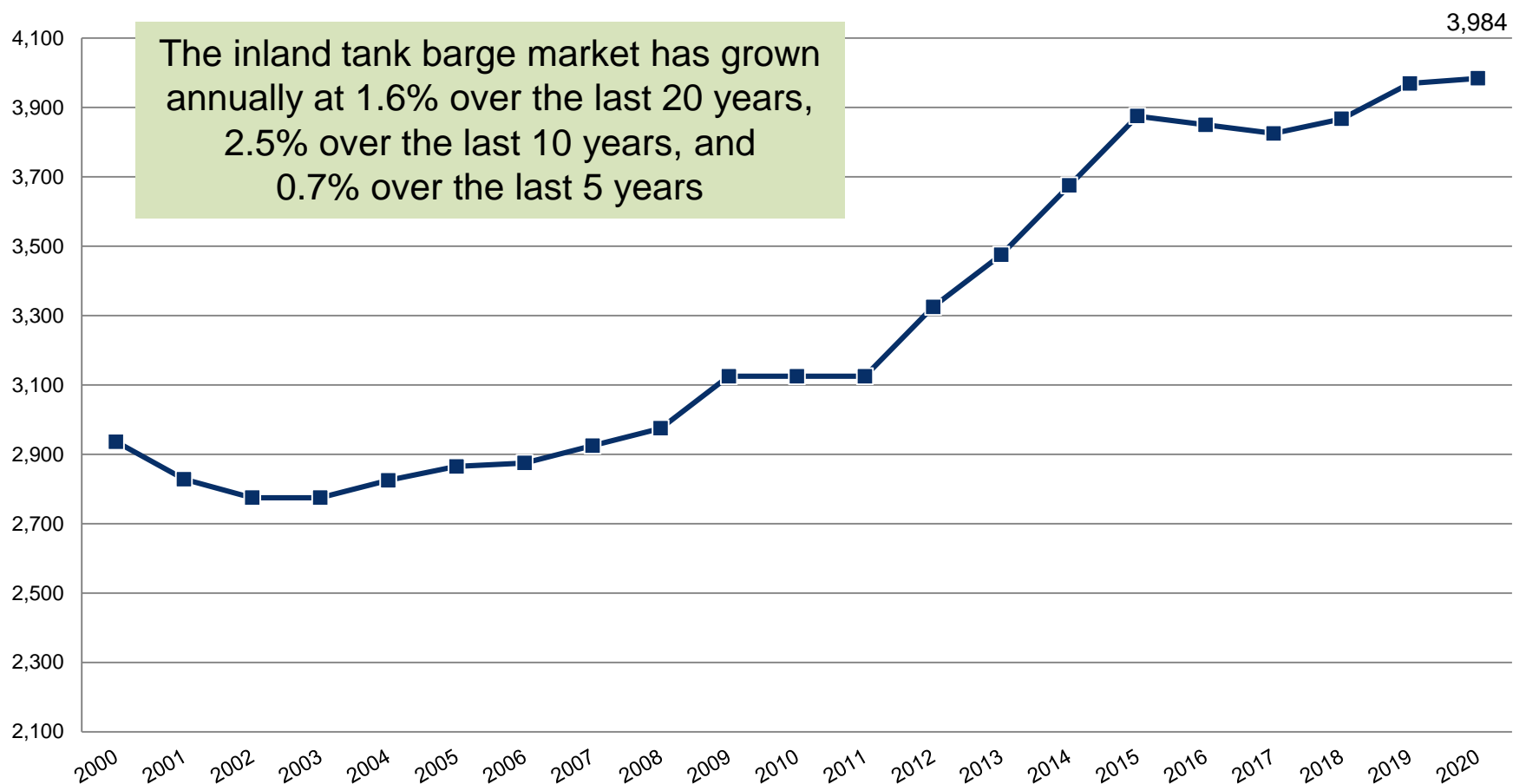


# Inland Market



# Number of Inland Tank Barges

Estimated for the years 2000 through 2020



Informa Economics Barge Fleet Profile, April 2020 – Adjusted, Company websites, Company SEC filings



# Flexible Fleet Size Keeps Utilization High

Better asset utilization through scale advantages

## Tank Barge Fleet

- Large fleet facilitates better asset utilization
  - More backhaul opportunities
  - Faster barge turnarounds
  - Diversity of barge products and spot opportunities
  - Less cleaning



## Towboat Fleet

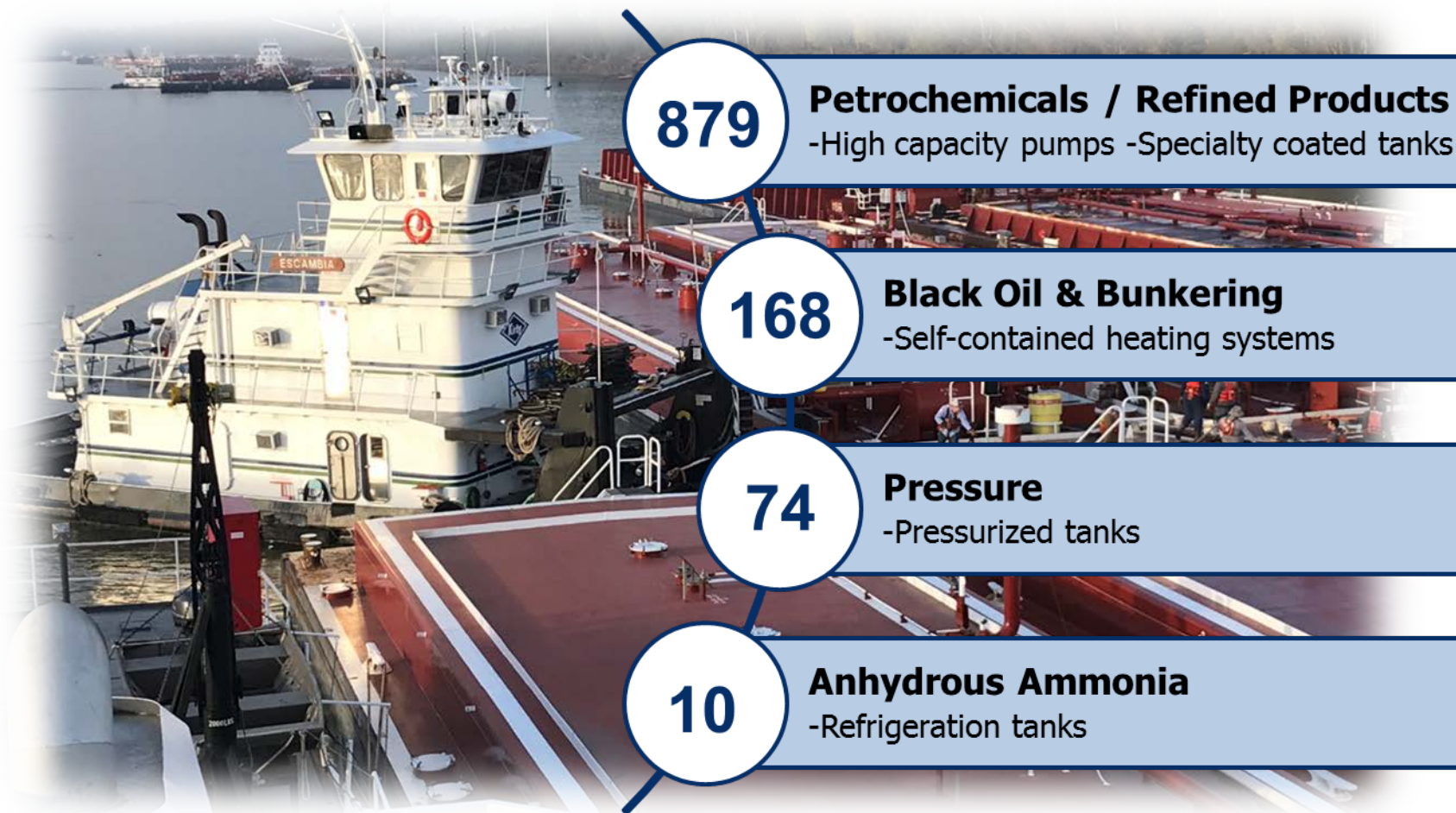
- Operating 318 towboats\*
- Chartered towboats used to balance horsepower with demand
  - Provides added flexibility



\* Towboat count represents the average for the six months ended June 30, 2020



# Kirby Inland Fleet by Barge Type\*



\* Barge counts as of June 30, 2020



# Inland Barge Fleet by Operator

Shipper Owned Independent	Tank Barges Operated	Dry Cargo Barges Operated
<b>Kirby Corporation*</b>	<b>1,131</b>	<b>-</b>
American Commercial Lines LLC	408	3,091
Canal Barge Company, Inc.	339	368
MPLX ("Hardin St. Marine")	293	-
Ingram Barge Company	276	4,203
Florida Marine	270	218
Blessey Marine Services	174	-
Enterprise Products Partners	154	-
Westlake Vinyl/ PPG	102	-
Magnolia Marine Transport Co.	98	-
Devall Barge Line	94	-
American River Transportation Co.	90	1,839
LeBeouf Brothers Towing Co	87	-
Genesis Energy, L.P.	82	-
Southern Towing Company	63	-
Golding Barge Lines, Inc.	58	-

Shipper Owned Independent	Tank Barges Operated	Dry Cargo Barges Operated
Chem Carriers, Inc.	42	-
John W. Stone Oil	39	-
Buffalo Marine Service, Inc.	36	-
Martin Midstream Partners	33	-
E-Squared Marine Service, LLC	24	-
NGL Energy Partners	23	-
Solvay S.A.	19	-
River City Towing Services	13	-
General Marine Services	9	-
Campbell Transportation Co., Inc.	6	708
Merichem Company	5	-
Olin Corporation (Blue Cube)	5	-
Highland Marine	5	-
Parker Towing Company	4	385
AgriChem Marine	2	-
Other	0	7,899
<b>TOTAL</b>	<b>3,984</b>	<b>18,650</b>

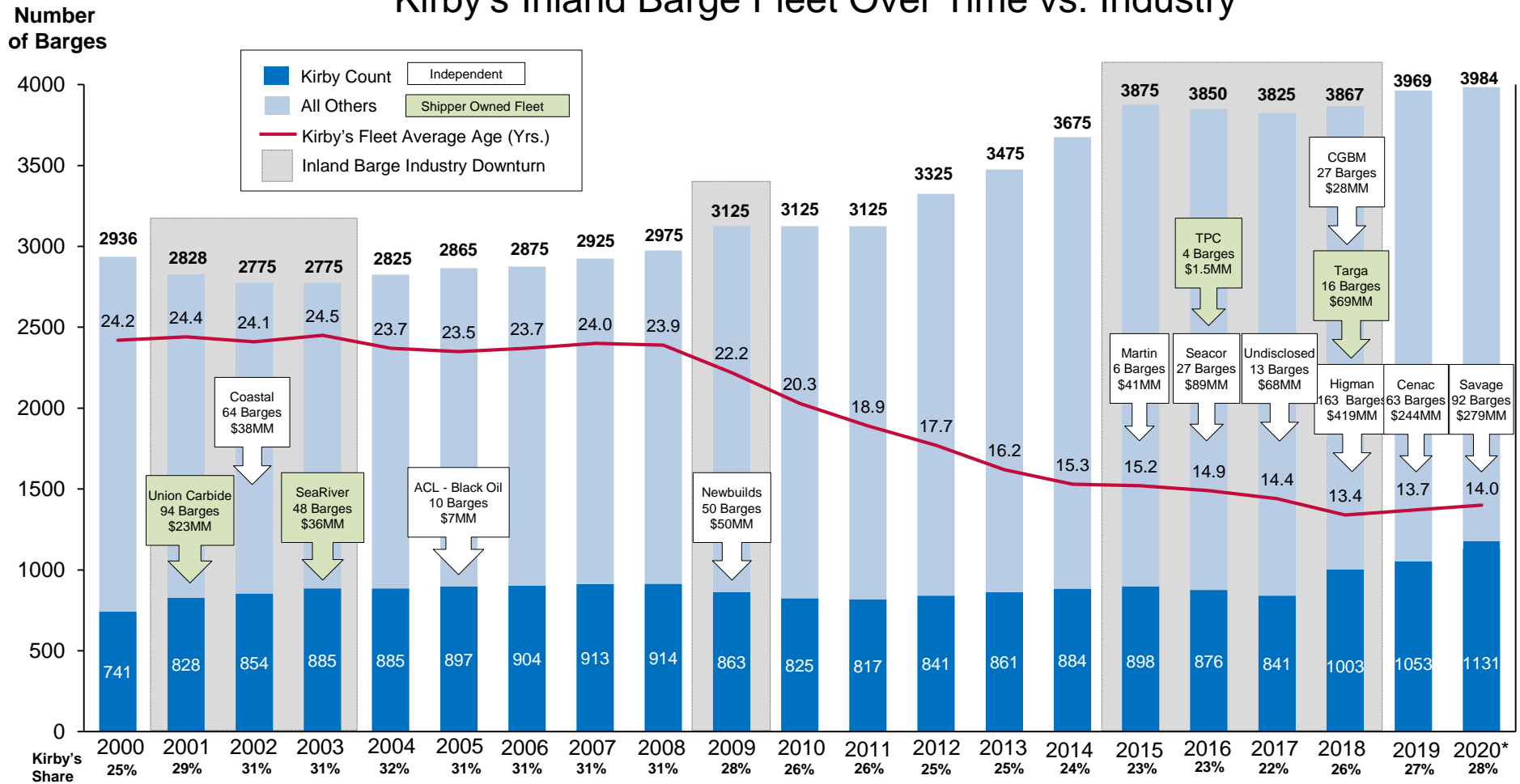
\* Kirby tank barges as of June 30, 2020

Informa Economics Barge Fleet Profile, April 2020 – Adjusted, Company websites, Company SEC filings



# Growth through Counter Cyclical Acquisitions while Strategically Decreasing the Average Age of Equipment

## Kirby's Inland Barge Fleet Over Time vs. Industry



\* 2020 barge count estimated as of June 2020. Kirby tank barges, share, and average age as of June 30, 2020.



# Savage Acquisition



Savage Inland Marine is a tank barge operator with operations primarily on the Mississippi River, its tributaries, and the Gulf Intracoastal Waterway. The company primarily transports petrochemicals, refined products, and crude oil for a diverse, blue-chip set of major oil companies and refineries.

Total cash consideration of ~\$279 million paid through additional borrowings. The transaction closed on April 1, 2020.

Savage has a significant ship bunkering business in the Port of New Orleans as well as fleet services along the Gulf Coast.

Barge Size and Type	Qty
30,000 Bbl Clean	64
30,000 Bbl Heated	10
10,000 Bbl Clean	6
Bunkering	12
<b>Total</b>	<b>92</b>

Towboat HP and Use	Qty
< 2000 HP Towboats	11
2000 – 2600 HP Towboats	15
> 2600 HP Towboats	7
Bunkering Towboats	7
Fleeting Towboats	6
<b>Total</b>	<b>46</b>



# Kirby Inland Marine – Increase in Earnings Potential

	2017	2020*	Change	
Number of Inland Barges	841	1,115	+33%	▲
Inland Bbl Capacity (MM Bbls)	17.3	25.1	+45%	▲
Inland Average Barge Age	14.4	14.0	-0.4 years	▼

- Significant growth while improving asset quality
  - Increase in operational scale



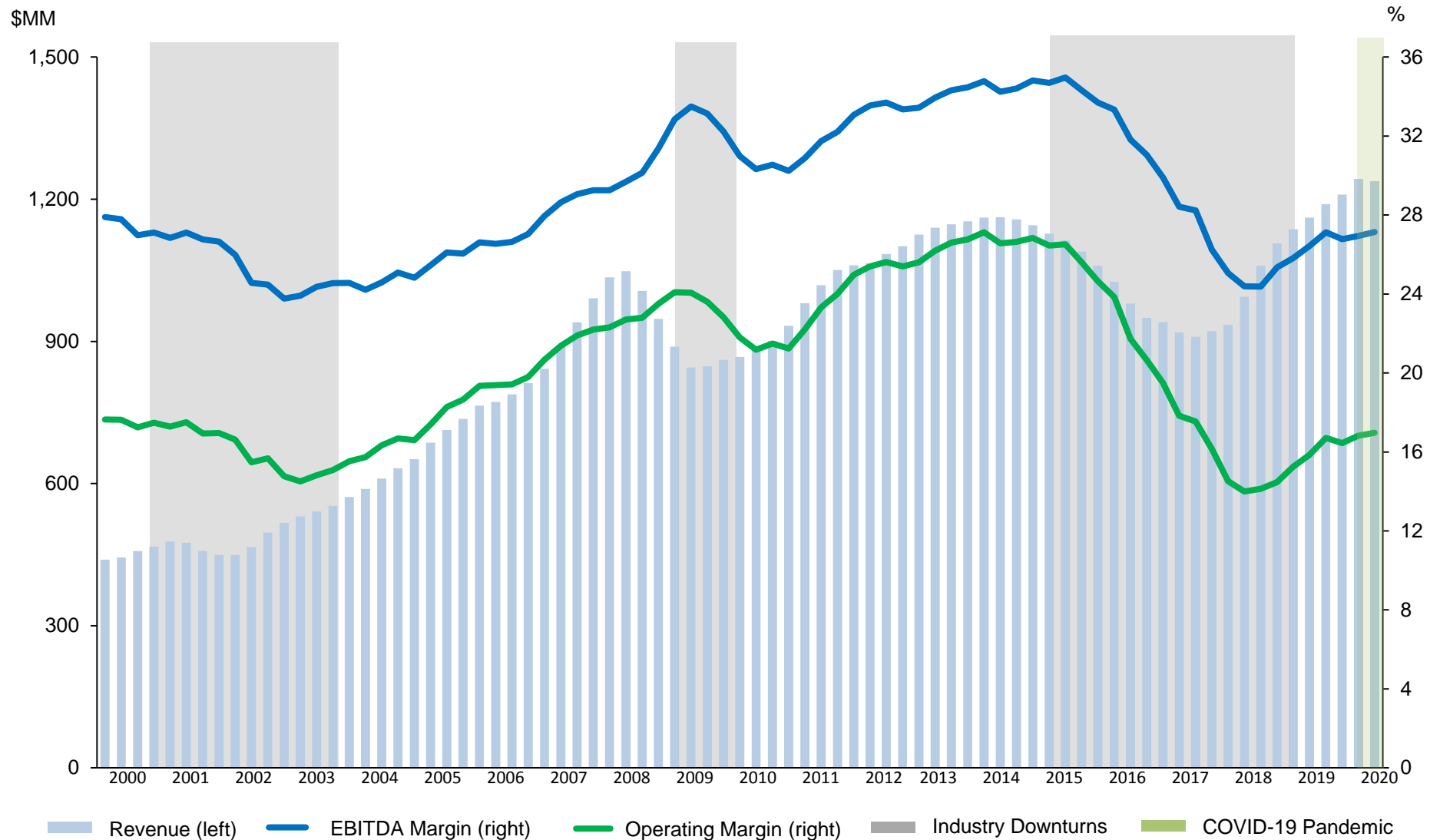
\* FY2020 year-end barge count estimated as of June 30, 2020 (as guided in the 2Q 2020 Earnings Call Presentation)





# Inland Margin Progression Through the Cycle

(Trailing 12 Months)



# Kirby Inland Marine Differentiators

## What makes Kirby stand out amongst competitors?

- Safety culture
- High quality customer portfolio
- Heavily engrained in the supply chain of many blue chip companies
  - Acquired Lyondell, Dow, and SeaRiver's captive fleets
- Horsepower management
- Largest tank barge fleet – scale matters
  - Facilitates better asset utilization
  - Creates backhaul opportunities
  - Faster turnarounds
  - Diversity of barge products for spot opportunities
  - Reduced cleanings
- U.S. Coast Guard accredited training center
- San Jac Marine - Kirby owned shipyard
- Site representatives
- Disciplined capital expenditures
- Counter-cyclical investments

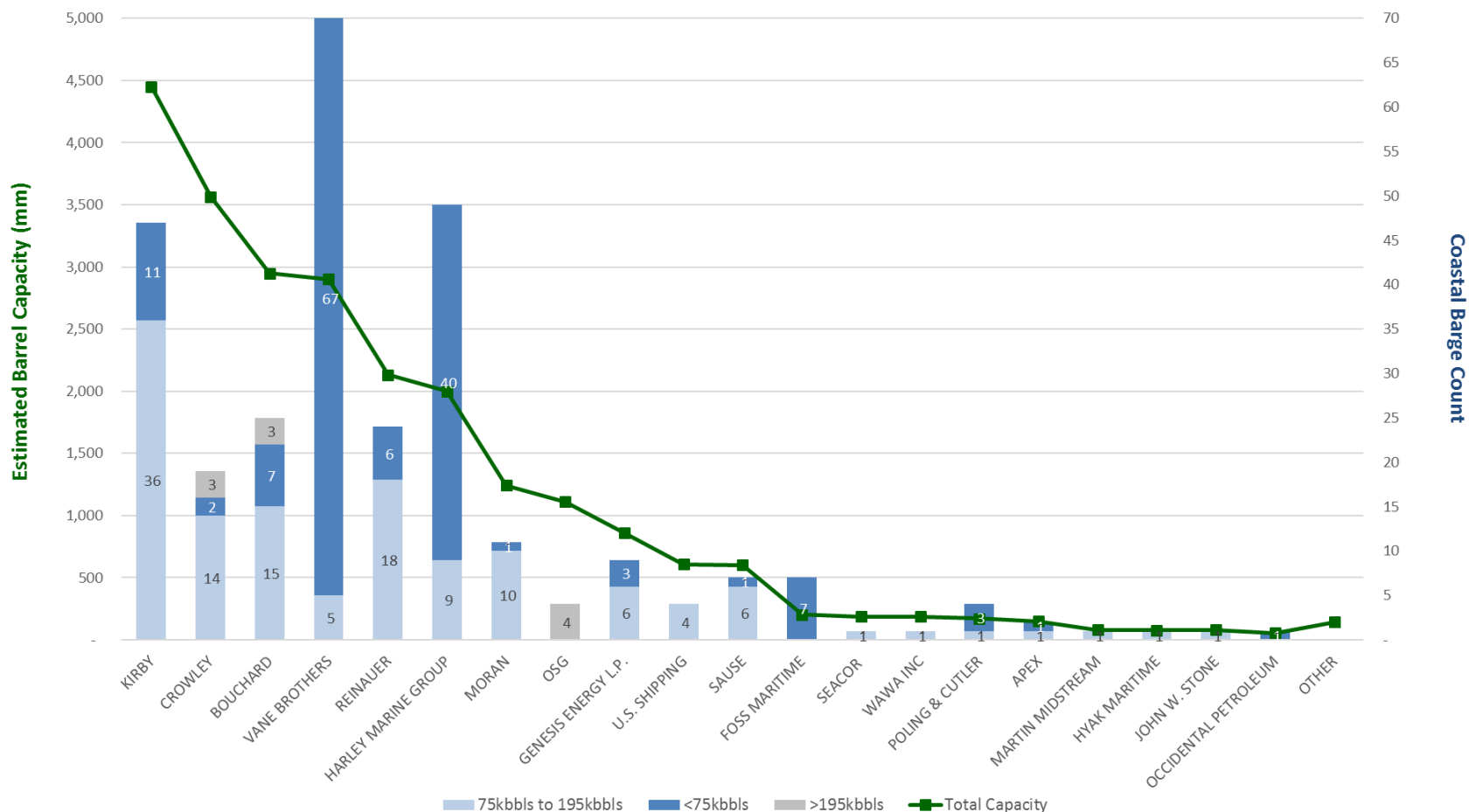


# Coastal Market



# Coastal Tank Barge Fleet by Operator

Kirby is the largest Coastal tank barge operator by barrel capacity



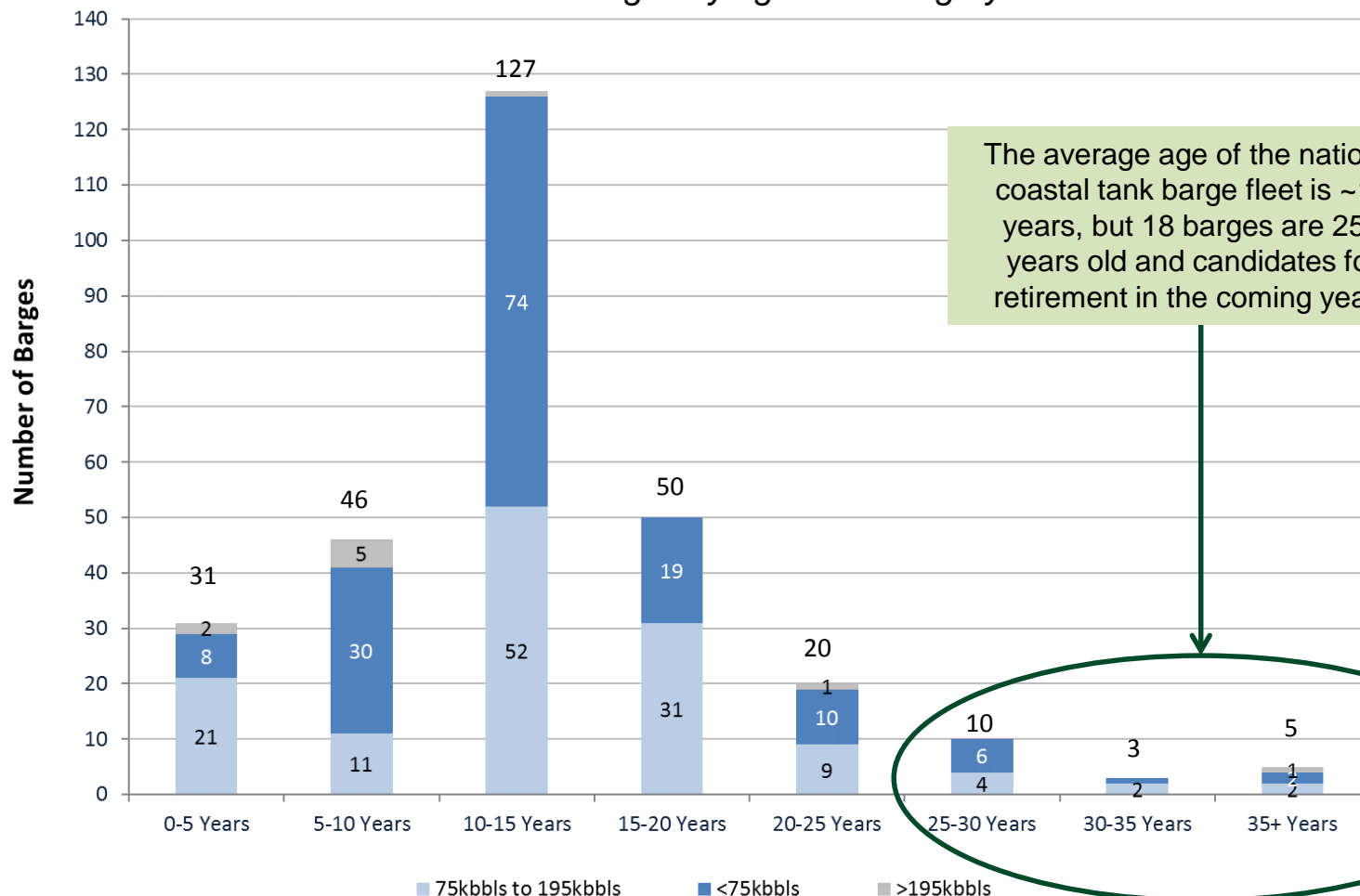
Tank barge count as of June 30, 2020  
Source: Kirby, company websites and public filings



# Coastal Tank Barge Age Profile

## Coastal Barge Market Age Distribution

*Number of barges by age and category*





# Differentiators for Kirby's Coastal Business

## What makes Kirby stand out amongst competitors?

- Inland company key relationships
  - Working for blue chip refiners
- Younger, more efficient fleet
- Hawaii Operations
- Focus on transporting black oil and chemicals
- Kirby Ocean Transport
  - Long term contracts with 40 year relationship
- Counter cyclical investments



# Distribution & Services

---



# Introduction to Distribution & Services

Who we are...



62

LOCATIONS ACROSS NORTH  
AND SOUTH AMERICA

5

BRANCH LOCATIONS IN  
COLOMBIA

4

INTERNATIONAL COUNTRIES  
WITH SALES PRESENCE

~160

SALES PROFESSIONALS

~1,000

QUALIFIED TECHNICIANS

~650

SERVICE AND ASSEMBLY BAYS

~2.5MM

SQUARE FEET OF SHOP  
CAPACITY















# Kirby is a leader in industrial distribution

Who we represent...

Kirby D&S is the largest single distributor in the world for our OEM partners

Distributorships provide unique and exclusive OEM representation rights in assigned areas of responsibility

Dealerships provide rights to service customers in specific markets

											
On-Hwy O&G	O&G PowerGen Marine(C) Marine(L) Mining Industrial	On-Hwy	O&G Industrial	Industrial	On-Hwy refer and climate control	On-Hwy Industrial Marine(L)	Marine(C) Nuclear	Marine(C)	Marine(C)	Marine(C)	Marine(C)
Distributor	Distributor	Distributor	Distributor	Distributor	Distributor	Distributor	Distributor	Distributor	Dealer	Dealer	Dealer

(C) Commercial  
(L) Light/pleasure



# Distribution & Services has diversified sources of revenue across multiple industries

## Customer Industry Base

**Commercial & Industrial** - Distribution, services and packaged equipment  
~75% of D&S segment revenues

- Commercial marine
- Pleasure marine
- Power generation
- Nuclear power generation
- On-highway
- Mining
- Industrial
- Specialty equipment rental



**Oil & Gas** - Distribution, services and manufactured equipment  
~25% of D&S segment revenues

- Well stimulation and support equipment
- Cementing equipment
- Coiled tubing and support equipment
- Workover rigs
- Mud pumps
- Seismic equipment

Note: Percentages estimated for 2020





# Commercial and Industrial

Kirby is a leading distribution and services provider to markets including:

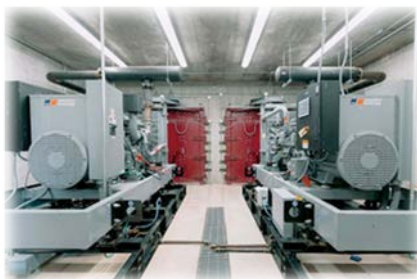
## MARINE

- Major service and OEM new product and replacement parts provider for diesel engines and ancillary products
- Locations across the U.S.
- Key markets include:
  - Inland towboats and offshore tugboats
  - Offshore supply vessels
  - U.S. Coast Guard vessels
  - Fishing industry
  - Ferries
  - Pleasure yachts



## POWER GENERATION

- Sells pre-packaged and fabricated back-up power systems for emergency, standby, and auxiliary power
- Rents back-up generator systems
- Key markets include:
  - Nuclear power industry
  - Domestic utilities
  - Data centers
  - Municipalities
  - Manufacturing plants
  - Retail and office complexes



## ON-HIGHWAY

- Distributes, sells parts, and services diesel engines and transmissions
- Distributes and services Thermo King refrigeration systems
- Locations in the U.S. and Colombia
- Key markets include:
  - Trucking companies
  - Commercial truck fleets
  - Municipalities
  - Grocers and food banks



Kirby also provides distribution and services to rail, mining, and other industrial markets

# Oil and Gas

Kirby is one of the largest providers of equipment, service and parts to the oilfield

## MANUFACTURING

- Leading provider of non-captive manufacturing and remanufacturing of well servicing equipment
- New frac equipment offerings are often highly customized:
  - Conventional units
  - Noise-reducing units
  - Dynamic gas blending units
  - Electric units
- Sells new equipment into U.S. and international markets
- Developed proprietary controls solutions and telematics
- Fast-lane service and product support in the Permian basin
- Manufacturer of seismic units for the Middle East and Europe



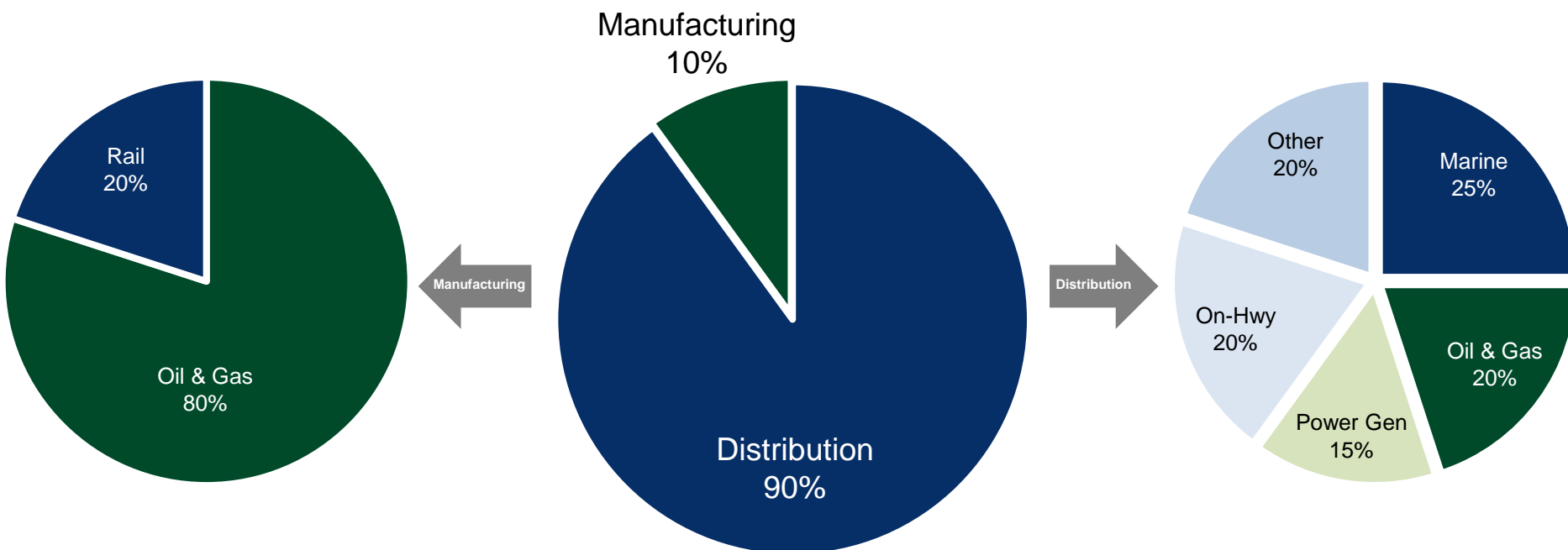
## DISTRIBUTION

- Heavy duty cycle associated with fracturing leads to the need for regular equipment service and parts
- Distributor of new and rebuilt transmissions and diesel engines
  - Key OEMs include Allison Transmission, MTU and DEUTZ
- Provider of major overhaul services for transmissions and diesel engines
- Provider of proprietary parts, 24x7 field service, and engineering support
- Provider of rental solutions including back-up power generators, high capacity lift trucks, rail car movers, and industrial compressors
- Locations across key U.S. shale formations



Most pressure pumping equipment requires some form of major service every three to five years

# Distribution and Services Revenue by Market Sector



Note: Revenue percentages estimated for 2020

# Financial Highlights

---



# 2Q 2020 Overview

## Financial Summary

\$ millions except earnings (loss) per share	2Q 2020	2Q 2019	Variance	%	1Q 2020	Variance	%
Revenues	\$ 541.2	\$ 771.0	\$ (229.8)	-30%	\$ 643.9	\$ (102.7)	-16%
Operating income (loss)	34.3	75.8	(41.5)	-55%	(509.7)	544.0	107%
Net earnings (loss) attributable to Kirby	25.0	47.3	(22.3)	-47%	(347.2)	372.2	107%
Earnings (loss) per share	0.42	0.79	(0.37)	-47%	(5.80)	6.22	107%
<b>Excluding one-time items:</b>							
Operating income <sup>1</sup>	34.3	75.8	(41.5)	-55%	51.5	(17.2)	-33%
Net earnings attributable to Kirby <sup>1</sup>	25.0	47.3	(22.3)	-47%	35.3	(10.3)	-29%
Earnings per share <sup>1</sup>	0.42	0.79	(0.37)	-47%	0.59	(0.17)	-29%

Note: For more information, see the Reconciliation of GAAP to Non-GAAP Financial Measures Excluding One-Time Items on Kirby's website at [www.kirbycorp.com](http://www.kirbycorp.com) in the Investor Relations section under Financials.

<sup>1</sup> 1Q 2020 operating income, net earnings attributable to Kirby, and earnings per share exclude the following one-time items:

- Impairments of goodwill, intangible assets, fixed assets, and inventory related to distribution and services totaling \$561.3 million before-tax, \$433.3 million after-tax, or \$7.24 per share; and
- Income tax benefit related to 2018 and 2019 net operating loss carrybacks under the U.S. Coronavirus Aid, Relief, and Economic Security ("CARES") Act of \$50.8 million or \$0.85 per share





# 2020 Outlook – Marine Transportation <sup>(1)</sup>

Activity appears to have bottomed, but timing of a full recovery remains uncertain

## ■ Inland

- Barge utilization appears to have stabilized and bottomed as refinery and chemical plant activity has improved; however, a material recovery is not expected until general economic activity rebounds
- Third quarter average barge utilization expected to be sequentially lower
- Spot market pricing likely to remain under pressure in the near-term
- Cost control will remain a key focus
- Revenues and operating income expected to sequentially decline in the third quarter

## ■ Coastal

- Long-term contracts have minimal renewal exposure for the remainder of the year
- Third quarter expected to benefit from reduced shipyard maintenance
- Revenues and operating income expected to modestly improve sequentially in the third quarter

<sup>(1)</sup> Based on Kirby's most recent guidance in the July 30, 2020 press release announcing Q2 2020 earnings. This guidance is shown for convenience only and does not constitute confirming or updating the guidance, which will only be done by public disclosure.



# 2020 Outlook – Distribution & Services<sup>(1)</sup>

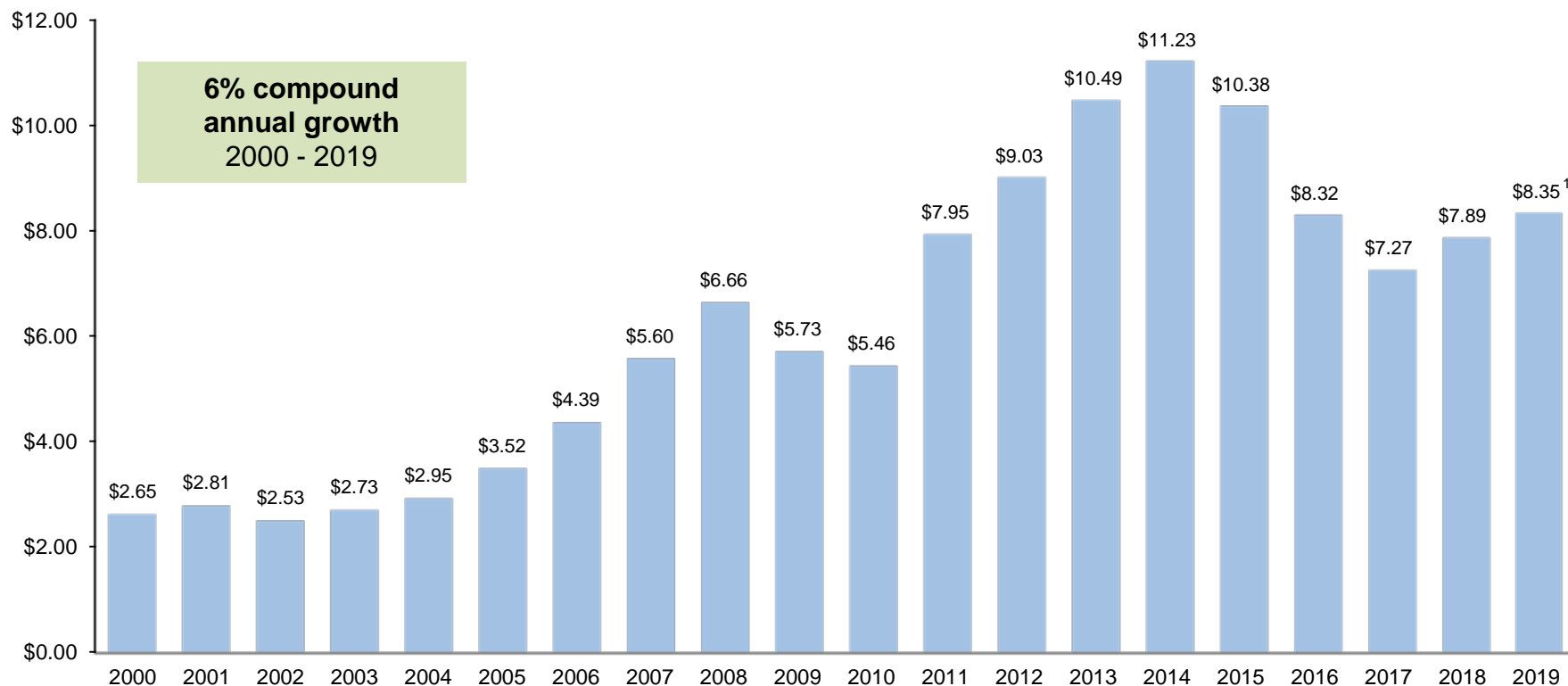
## Expect sequential improvement in operating margins in 3Q

- Oil and gas
  - Activity will be extremely challenged through 2020 despite incremental frac activity
  - Unutilized pressure pumping capacity across the industry will limit a material recovery in new construction, maintenance, and parts
  - Expect only slight activity improvements in the coming quarters
- Commercial and industrial
  - Positive activity trends materializing in the on-highway and power generation sectors
  - Seasonal improvements for the power generation rental fleet and Thermo King in the third quarter
  - Marine repair is expected to be stable in the third quarter but seasonally decline in the fourth quarter
- Expect recent cost reduction efforts to be realized in the third quarter
- Third quarter operating margins expected to improve but remain below breakeven
- Expect full year segment operating margins at a loss
- Expected to be cash flow positive for the full year

<sup>(1)</sup> Based on Kirby's most recent guidance in the July 30, 2020 press release announcing Q2 2020 earnings. This guidance is shown for convenience only and does not constitute confirming or updating the guidance, which will only be done by public disclosure.



# EBITDA Per Share



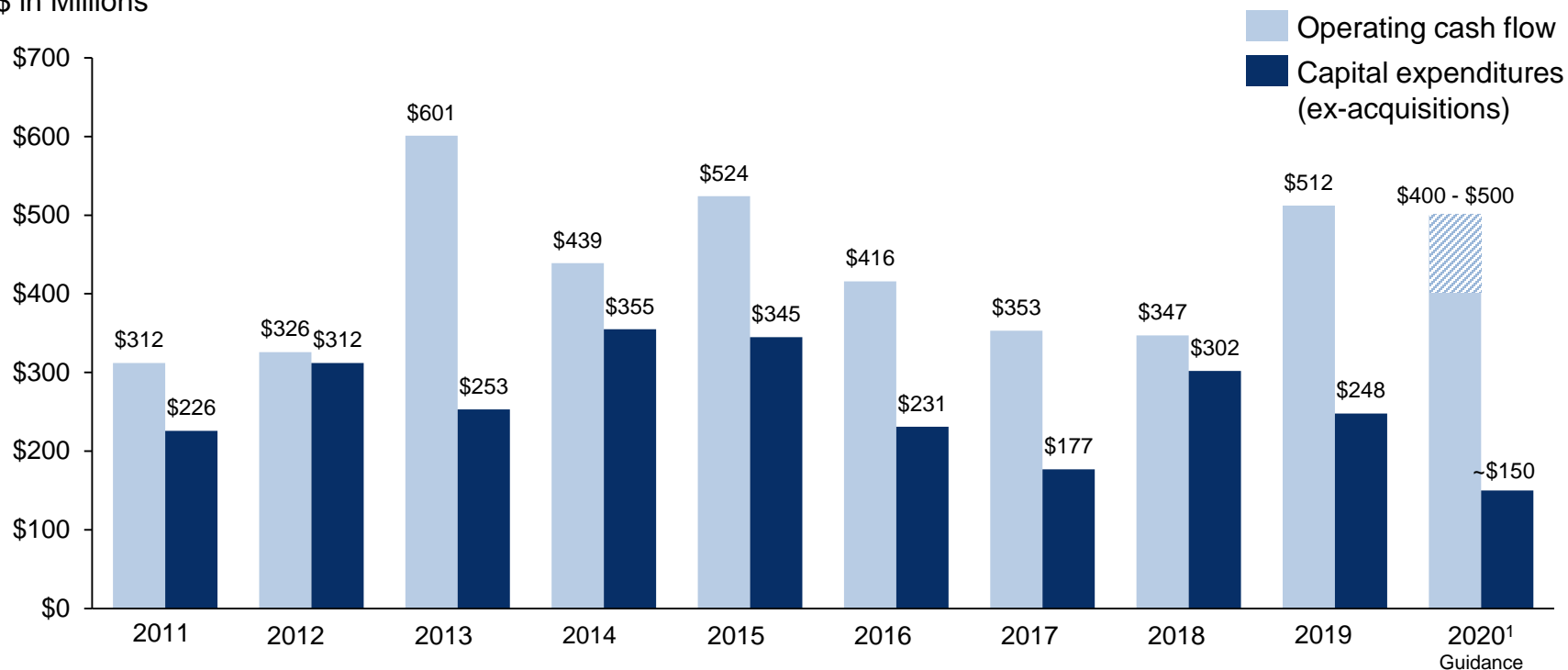
- See Appendix for reconciliation of GAAP net earnings to Non-GAAP EBITDA

<sup>(1)</sup> 2019 EBITDA earnings per share exclude one-time non-cash inventory write-down charges of \$35.5 million. For more information, see the Reconciliation of GAAP to Non-GAAP Financial Measures Excluding One-Time Items in the Appendix of this investor presentation.

# Cash Flow Generation

Kirby consistently generates free cash flow\*

\$ in Millions



Free cash flow\* generation of ~\$250 to \$350 million expected in 2020

(1) Based on Kirby's most recently published cash flow guidance in the July 30, 2020 press release announcing Q2 2020 earnings. This guidance is shown for convenience only and does not constitute confirming or updating the guidance, which will only be done by public disclosure.

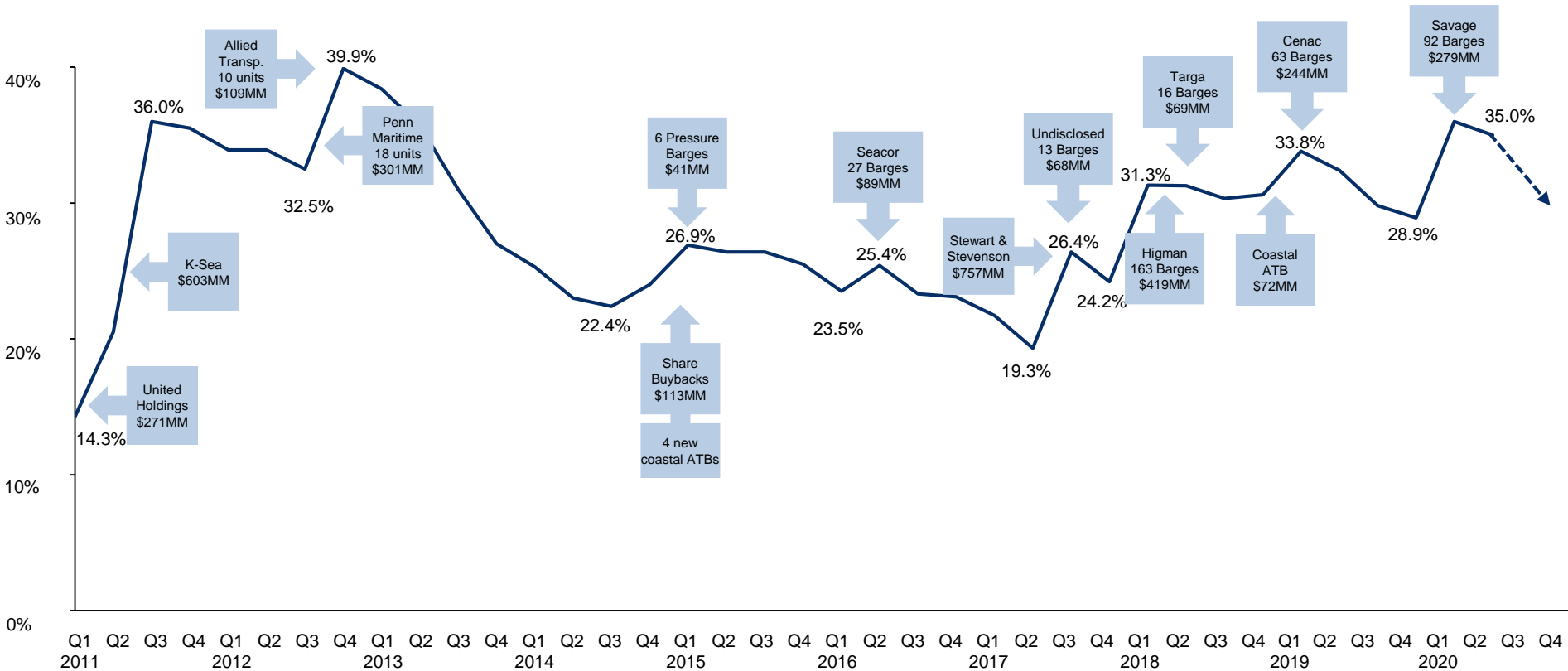


\* Free cash flow is defined as cash from operations less capital expenditures



# Capital Structure

## 2011 – 2Q 2020 Debt-to-Total Capital



Focus on directing near term cash flow to debt reduction



# Financial Strength

- Investment grade rating
  - Standard & Poor's: BBB-, stable
  - Moody's: Baa3, negative outlook
- \$350 million Senior Notes
  - 10-year maturity at 3.29% due February 27, 2023
- \$500 million 4.200% Senior Notes
  - Maturity date of March 1, 2028
  - Used to fund Higman Marine acquisition in 2018
- \$500 million Term Loan
  - \$500 million 5-year maturity at LIBOR + 1.15 due March 27, 2024
  - ~\$375 million outstanding as of June 30, 2020
- \$850 million Bank Revolving Credit Facility
  - Maturity date of March 27, 2024
  - ~\$425 million drawn as of June 30, 2020
- \$109 million of Cash and Cash Equivalents (as of June 30, 2020)
  - \$105 million of cash and cash equivalents and \$568 million of total liquidity as of August 5, 2020



# Why Invest in Kirby?



- Long-term track record of success
- Two strong franchises
  - Marine Transportation
  - Distribution and Services
- Experienced management teams in both core businesses
- Conservative financial management
  - Strong balance sheet
  - Investment-grade rating
  - Countercyclical investing followed by deleveraging
- Financial discipline
  - Return on capital driven investment decisions
  - Proven acquisition strategy
  - Strong record of cash flow generation
- Significant increase in long-term earnings potential

# Appendix

---

# Reconciliation of GAAP to Non-GAAP Financial Measures

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

EBITDA, which Kirby defines as net earnings (loss) attributable to Kirby before interest expense, taxes on income, depreciation and amortization, impairment of long-lived assets, and impairment of goodwill is used because of its wide acceptance as a measure of operating profitability before non-operating expenses (interest and taxes) and noncash charges (depreciation and amortization, impairment of long-lived assets, and impairment of goodwill). 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.

Kirby also uses certain non-GAAP financial measures to review performance excluding certain one-time items including: operating income, excluding one-time items; earnings before taxes on income, excluding one-time items; net earnings attributable to Kirby, excluding one-time items; and diluted earnings per share, excluding one-time items. Management believes that the exclusion of certain one-time items from these financial measures enables it and investors to assess and understand operating performance, especially when comparing those results with previous and subsequent periods or forecasting performance for future periods, primarily because management views the excluded items to be outside of the company's normal operating results.

Kirby also uses free cash flow, which is defined as net cash provided by operating activities less capital expenditures, to assess and forecast cash flow and to provide additional disclosures on the Company's liquidity as a result of uncertainty surrounding the impact of the COVID-19 pandemic on global and regional market conditions. Free cash flow does not imply the amount of residual cash flow available for discretionary expenditures as it excludes mandatory debt service requirements and other non-discretionary expenditures.

These non-GAAP financial measures are 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 to Non-GAAP financial measures are provided in the following tables.



# Reconciliation of GAAP Net Earnings to Non-GAAP EBITDA - Annually

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
(\$ in millions)										
Net earnings attributable to Kirby	\$ 142.3	\$ 78.5	\$ 313.2	\$ 141.4	\$ 226.7	\$ 282.0	\$ 253.1	\$ 209.4	\$ 183.0	\$ 116.2
Interest expense	56.0	46.9	21.5	17.7	18.8	21.5	27.9	24.4	17.9	11.0
Provision (benefit) for taxes on income	46.8	35.0	(240.8)	85.0	133.7	169.8	152.3	127.9	109.3	72.3
Impairment of long-lived assets	-	82.7	105.7	-	-	-	-	-	-	-
Impairment of goodwill	-	2.7	-	-	-	-	-	-	-	-
Depreciation and amortization	<u>219.7</u>	<u>225.0</u>	<u>202.8</u>	<u>200.9</u>	<u>192.2</u>	<u>169.3</u>	<u>164.4</u>	<u>145.2</u>	<u>126.0</u>	<u>95.3</u>
<b>EBITDA, Non-GAAP</b>	<b><u>\$464.8</u></b>	<b><u>\$470.8</u></b>	<b><u>\$402.4</u></b>	<b><u>\$445.0</u></b>	<b><u>\$571.4</u></b>	<b><u>\$642.6</u></b>	<b><u>\$597.7</u></b>	<b><u>\$506.9</u></b>	<b><u>\$436.2</u></b>	<b><u>\$294.8</u></b>



# Reconciliation of GAAP Net Earnings to Non-GAAP EBITDA - Quarterly

## KIRBY CORPORATION

### Reconciliation of GAAP Net Earnings (Loss) Attributable to Kirby to Non-GAAP EBITDA

	Three Months Ended March 31,		Three Months Ended June 30,		Year to Date June 30,	
	(\$ in millions)					
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Net earnings (loss) attributable to Kirby	\$ (347.2)	\$ 44.3	\$ 25.0	\$ 47.3	\$ (322.2)	\$ 91.6
Interest expense	12.8	13.2	12.7	15.5	25.5	28.7
Provision (benefit) for taxes on income	(172.8)	13.9	(1.4)	15.3	(174.2)	29.2
Impairment of long-lived assets	165.3	-	-	-	165.3	-
Impairment of goodwill	388.0	-	-	-	388.0	-
Depreciation and amortization	55.7	55.2	54.5	55.1	110.2	110.3
EBITDA, Non-GAAP	<u>\$ 101.8</u>	<u>\$ 126.6</u>	<u>\$ 90.8</u>	<u>\$ 133.2</u>	<u>\$ 192.6</u>	<u>\$ 259.8</u>



# Reconciliation of GAAP to Non-GAAP Financial Measures Excluding One-Time Items

**KIRBY CORPORATION**  
**Reconciliation of GAAP to Non-GAAP Financial Measures Excluding One-Time Items**  
(unaudited, \$ in millions except per share amounts)

	Year-to-Date 2020				Full Year 2019				Full Year 2018				Full Year 2017			
	Operating	Earnings	Net	Diluted	Operating	Earnings	Net	Diluted	Operating	Earnings	Net	Diluted	Operating	Earnings	Net	Diluted
	Income	(Loss)	Earnings	Earnings	Income	Before	Attr.	Earnings	Income	Before	Earnings	Earnings	Income	Before	Attr.	Earnings
	(Loss)	Tax	(Loss) Kirby	(Loss) per Share	(Loss)	Tax	Kirby	per Share	(Loss)	Tax	Kirby	per Share	(Loss)	Tax	Kirby	per Share
<b>GAAP earnings (loss)</b>	<b>\$ (475.4)</b>	<b>\$ (495.9)</b>	<b>\$ (322.2)</b>	<b>\$ (5.38)</b>	<b>\$ 242.0</b>	<b>\$ 189.8</b>	<b>\$ 142.3</b>	<b>\$ 2.37</b>	<b>\$ 155.3</b>	<b>\$ 114.2</b>	<b>\$ 78.5</b>	<b>\$ 1.31</b>	<b>\$ 93.6</b>	<b>\$ 73.0</b>	<b>\$ 313.2</b>	<b>\$ 5.62</b>
<u>One-time items:</u>																
- Income tax benefit on 2018 and 2019 net operating loss carrybacks	-	-	(50.8)	(0.85)	-	-	-	-	-	-	-	-	-	-	-	-
- Impairments and other charges	561.3	561.3	433.3	7.24	35.5	35.5	28.0	0.47	87.8	87.8	69.3	1.16	105.7	105.7	67.0	1.20
- Severance and early retirement expense	-	-	-	-	4.8	4.8	3.7	0.06	-	-	-	-	-	-	-	-
- Executive Chairman retirement	-	-	-	-	-	-	-	-	18.1	18.1	18.1	0.30	-	-	-	-
- Higman transaction fees & expenses	-	-	-	-	-	-	-	-	3.3	3.3	2.5	0.04	-	-	-	-
- Amendment to employee stock plan	-	-	-	-	-	-	-	-	3.9	3.9	3.0	0.05	-	-	-	-
- US tax reform and deferred tax liability remeasurement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(269.4)	(4.83)
<b>Earnings, excluding one-time items<sup>(1)</sup></b>	<b>\$ 85.9</b>	<b>\$ 65.4</b>	<b>\$ 60.3</b>	<b>\$ 1.01</b>	<b>\$ 282.3</b>	<b>\$ 230.1</b>	<b>\$ 174.0</b>	<b>\$ 2.90</b>	<b>\$ 268.4</b>	<b>\$ 227.3</b>	<b>\$ 171.4</b>	<b>\$ 2.86</b>	<b>\$ 199.3</b>	<b>\$ 178.7</b>	<b>\$ 110.8</b>	<b>\$ 1.99</b>

(1) Kirby uses certain non-GAAP financial measures to review performance excluding certain one-time items including: operating income, excluding one-time items; earnings before taxes on income, excluding one-time items; net earnings attributable to Kirby, excluding one-time items; and diluted earnings per share, excluding one-time items. Management believes that the exclusion of certain one-time items from these financial measures enables it and investors to assess and understand operating performance, especially when comparing those results with previous and subsequent periods or forecasting performance for future periods, primarily because management views the excluded items to be outside of the company's normal operating results. These non-GAAP financial measures are not calculations based on generally accepted accounting principles and should not be considered as an alternative to, but should only be considered in conjunction with, Kirby's GAAP financial information.



# Reconciliation of GAAP Net Cash Provided by Operating Activities to Free Cash Flow

## Kirby Corporation

### Reconciliation of GAAP Net Cash Provided by Operating Activities to Free Cash Flow

	Second Quarter		Six Months	
	2020	2019 <sup>(2)</sup>	2020	2019 <sup>(2)</sup>
	(unaudited, \$ in millions)			
Net cash provided by operating activities .....	\$ 170.6	\$ 149.6	\$ 242.1	\$ 188.2
Less: Capital expenditures .....	(43.6)	(66.3)	(92.8)	(127.3)
Free cash flow <sup>(1)</sup> .....	<u>\$ 127.0</u>	<u>\$ 83.3</u>	<u>\$ 149.3</u>	<u>\$ 60.9</u>

	FY 2020 Projection <sup>(3)</sup>		FY 2019 <sup>(2)</sup>
	Low	High	Actual
	(unaudited, \$ in millions)		
Net cash provided by operating activities .....	\$ 400.0	\$ 500.0	\$ 511.8
Less: Capital expenditures .....	(150.0)	(150.0)	(248.2)
Free cash flow <sup>(1)</sup> .....	<u>\$ 250.0</u>	<u>\$ 350.0</u>	<u>\$ 263.6</u>

(1) Kirby uses a non-GAAP financial, free cash flow, which is defined as net cash provided by operating activities less capital expenditures, to assess and forecast cash flow and to provide additional disclosures on the Company's liquidity as a result of uncertainty surrounding the impact of the COVID-19 pandemic on global and regional market conditions. Free cash flow does not imply the amount of residual cash flow available for discretionary expenditures as it excludes mandatory debt service requirements and other non-discretionary expenditures. This non-GAAP financial measure is not a calculation based on generally accepted accounting principles and should not be considered as an alternative to, but should only be considered in conjunction with Kirby's GAAP financial information.

(2) See Kirby's 2019 10-K and 2019 second quarter 10-Q for amounts provided by (used in) investing and financing activities.

(3) Based on Kirby's most recently published cash flow guidance in the July 30, 2020 press release announcing Q2 2020 earnings. This guidance is shown for convenience only and does not constitute confirming or updating the guidance, which will only be done by public disclosure.



# Marine Transportation Performance Measures

## KIRBY CORPORATION MARINE TRANSPORTATION PERFORMANCE MEASUREMENTS

	2020			2019					2018	2017	2016	2015	2014	2013	2012	2011	2010
	1Q	2Q	YTD	1Q	2Q	3Q	4Q	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year

### Inland Performance Measurements:

Ton miles (in millions) <sup>(1)</sup>	3,619	3,688	7,307	3,146	3,707	3,958	3,800	14,611	14,501	11,519	11,161	12,502	13,088	11,754	12,224	13,414	12,957
Revenues/Ton mile (cents/tm) <sup>(2)</sup>	8.8	8.2	8.5	9.0	8.4	8.0	8.2	8.4	7.7	8.0	8.5	8.7	8.8	9.8	8.9	7.6	6.8
Towboats operated <sup>(3)</sup>	311	324	318	286	309	304	299	299	278	224	234	248	251	256	245	240	221
Delay days <sup>(4)</sup>	4,490	2,815	7,305	4,613	3,331	2,284	3,031	13,259	10,046	7,577	7,278	7,924	7,804	7,843	6,358	6,777	5,772

<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: 2nd quarter 2020 inland marine revenues of \$303,012,000 divided by 3,688,000,000 ton miles = 8.2 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.



