

4Q 2022

Earnings Conference Call

January 31, 2023



Disclosures

Forward Looking Statements

Statements contained in this conference call 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, 2021 and in Kirby's subsequent filings on Form 10-Q for the quarters ended March 31, 2022, June 30, 2022 and September 30, 2022.

Non-GAAP Financial Measures

This conference call may refer to certain non-GAAP or adjusted financial measures. Kirby uses certain non-GAAP financial measures to review performance including: Adjusted 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). 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 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. Reconciliations of the non-GAAP financial measures to the most directly comparable GAAP financial measures are included in our earnings press release, and are also available on our website at www.kirbycorp.com in the Investor Relations section under Financials.



4Q 2022 Overview

Financial Summary

\$ millions except earnings (loss) per share	4Q 2022	4Q 2021	Variance	%	3Q 2022	Variance	%
Revenues	\$ 730.2	\$ 591.3	\$ 138.9	23%	\$ 745.8	\$ (15.6)	-2%
Operating income (loss)	57.7	31.6	26.1	83%	58.9	(1.2)	-2%
Net earnings (loss) attributable to Kirby	37.3	11.0	26.3	239%	39.1	(1.8)	-5%
Earnings (loss) per share	0.62	0.18	0.44	244%	0.65	(0.03)	-5%
Excluding one-time items:							
Operating income ¹	61.9	31.6	30.3	96%	58.9	3.0	5%
Net earnings attributable to Kirby ^{1,2}	40.3	16.7	23.6	141%	39.1	1.2	3%
Earnings per share ^{1,2}	0.67	0.27	0.40	148%	0.65	0.02	3%

- Results reflected steady market fundamentals in marine transportation and distribution and services
- Marine transportation margins impacted by unfavorable weather conditions
 - 147% sequential increase in delays days
- Some seasonal slowness and supply chain constraints delayed sales in distribution and services
- Cost inflation remained a headwind to margins for both marine transportation and distribution and services

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 in the Investor Relations section under Financials.

1 Fourth quarter 2022 operating income, net earnings attributable to Kirby and earnings per share exclude one-time items related to severance expenses, early retirement, and costs associated with strategic review, or \$0.05 per share

2 Fourth quarter 2021 net earnings attributable to Kirby, and earnings per share exclude fourth quarter one-time change in Louisiana tax law of \$5.7 million, or \$0.09 per share

FY 2022 Overview

Financial Summary

(\$ millions except earnings per share)	2022	2021	Variance	%
Revenues	\$ 2,784.7	\$ 2,246.7	\$ 538.0	24%
Operating income (loss)	192.9	(258.1)	451.0	175%
Net earnings (loss) attributable to Kirby	122.3	(247.0)	369.3	150%
Earnings (loss) per share	2.03	(4.11)	6.14	149%
Excluding one-time items:				
Operating income (loss) ^{1,2}	198.6	82.6	116.0	140%
Net earnings attributable to Kirby ^{1,2}	126.6	33.7	92.9	276%
Earnings per share ^{1,2}	2.10	0.56	1.54	275%

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 in the Investor Relations section under Financials.

- 2022 operating income, net earnings attributable to Kirby, and earnings per share exclude \$5.7 million before-tax, \$4.3 million after-tax, or \$0.07 per share, of one-time charges associated with severance, early retirement, and costs associated with strategic review
- 2021 operating income, net earnings attributable to Kirby, and earnings per share exclude the following one-time items:
 - Impairments of long-lived assets and goodwill related to coastal marine transportation totaling \$340.7 million before-tax, \$275.0 million after-tax, or \$4.58 per share; and
 - Deferred tax provision related to a change in Louisiana state tax law totaling \$5.7 million or \$0.09 per share



Marine Transportation – 4Q Overview

Market fundamentals continue to improve but inflation, including rising fuel costs, impacted margins

Inland

- Strong market conditions
 - Spot market rates increased sequentially and year-over-year
 - Term contracts renewed higher 10% to 15% year-over-year
- Tight market conditions with barge utilization in the 90% range
- 4Q operating margins improved to low teens

Coastal

- Market conditions modestly improved
- Barge utilization in the low to mid-90% range
- Improved coal shipments in the dry cargo business
- 4Q operating margins in the low single digits



Distribution & Services – 4Q Overview

Strong markets drive significant year-on-year growth in revenue and operating margin; supply chain headwinds continued

Oil and Gas

- Continued favorable commodity prices with increased rig count and completions activity
- Strong demand for engines and parts in distribution
- Growing manufacturing backlog with new orders for environmentally friendly pressure pumping and power generation equipment
- Supply chain issues delayed new equipment deliveries in manufacturing



Commercial and Industrial

- Solid demand across the commercial and industrial market
- Sequential and year-over-year growth in marine repair and on-highway
- Supply chain delays remained a headwind to growth

Marine Transportation

4Q 2022 Financial Summary

\$ millions	4Q 2022	4Q 2021	Variance	%	3Q 2022	Variance	%
Revenue	\$ 422.7	\$ 350.6	\$ 72.1	21%	\$ 433.0	\$ (10.3)	-2%
Operating income	46.7	25.7	21.0	82%	41.7	5.0	12%
Operating margin	11.1%	7.3%	3.8%		9.6%	1.5%	

■ Inland

- Contributed 80% of marine transportation revenues with average barge utilization in the 90% range
- Term contracts represented ~55% of revenue with ~60% attributed to time charters
- Spot market rates increased in the low single digits sequentially and low to mid 20% range year-over-year
- Term contracts renewed up on average in the 10% to 15% range compared to a year ago
- Operating margin in low teens with ongoing inflationary cost pressures

■ Coastal

- Contributed 20% of marine transportation revenues with average barge utilization in the low to mid-90% range
- Term contracts represented ~65% of revenue with ~90% attributed to time charters
- Term contract rates increased low teens year-over-year and spot market rates increased in the low to mid-single digits sequentially
- Operating margin in the low single digits driven by unfavorable weather and shipyards



Barge Construction and Retirements

4Q 2022 Update and FY 2023 Outlook

Inland	4Q 2022		FY 2022		FY 2023 (estimated)	
(barrels in millions)	Barges	Barrels	Barges	Barrels	Barges	Barrels
Beginning of period	1,035	23.0	1,025	22.9	1,037	23.1
Additions:						
Reactivations	2	0.1	12	0.2	11	0.3
Reductions:						
Retirements	-	-	-	-	-	-
End of period	1,037	23.1	1,037	23.1	1,048	23.4

Coastal	4Q 2022		FY 2022		FY 2023 (estimated)	
(barrels in millions)	Barges	Barrels	Barges	Barrels	Barges	Barrels
Beginning of period	29	3.0	31	3.1	29	3.0
Reductions:						
Retirements	-	-	(2)	(0.1)	-	-
End of period	29	3.0	29	3.0	29	3.0

Distribution & Services

4Q 2022 Financial Summary

\$ millions	4Q 2022	4Q 2021	Variance	%	3Q 2022	Variance	%
Revenue	\$ 307.4	\$ 240.7	\$ 66.7	28%	\$ 312.8	\$ (5.4)	-2%
Operating income	17.1	7.5	9.6	127%	22.3	(5.2)	-23%
Operating margin	5.5%	3.1%	2.4%		7.1%	-1.6%	

Oil and Gas

- Revenues up 44% year-on-year due to increased demand for transmissions and parts in distribution, as well as increased manufacturing orders and deliveries of environmentally friendly pressure pumping and e-frac power generation equipment
- Supply chain delays remain headwind to growth
- Represented 42% of segment revenue
- Operating margin in the low-single digits

Commercial and Industrial

- Revenues up 18% year-on-year and 8% sequentially with strong demand in marine repair and on-highway
- Supply chain delays remain headwind to growth
- Represented 58% of segment revenue
- Operating margin in the high-single digits



Balance Sheet, Capital Expenditures, and Liquidity

As of December 31, 2022

Total
Debt

\$1.1B

Cash and
Cash Equivalents

\$81M

Available
Liquidity

\$585M

■ 4Q 2022 Results

- Net cash provided by operating activities: \$132.9 million
- Proceeds from sales of retired marine assets: \$4 million
- Capital expenditures: \$52.3 million
- Debt reduction: ~\$39 million

■ 2023 Guidance

- 2023 cash flow from operations: \$480 million to \$580 million
- Near term working capital build more than expected but look to recover in 2023

Marine Transportation – FY 2023 Outlook

A strong inland barge market is expected to significantly improve financial results

- **Inland**

- Expecting a strong market driven by economic growth, increased volumes, and minimal new barge construction
- Barge utilization expected to be low to mid-90% range
- Term contracts are expected to continue to reset higher to reflect improved market conditions
- Full year revenue growth in low double digits year-over-year
- Operating margins are expected to range in the mid-teens on average for the year

- **Coastal**

- Market expected to modestly improve but remain challenged by underutilized industry capacity
- Barge utilization expected to be in the low to mid-90% range
- Revenues are expected to be flat year-over-year driven by increased planned shipyard days
- Operating margins expected to range between near breakeven and low single digits



Distribution & Services – FY 2023 Outlook

Anticipate strong markets will lead to material growth in revenue and operating income

- **Commercial and industrial**

- Expect strong markets will drive revenue growth for on-highway, power generation, and marine repair
- Full year revenue growth in the low double digit range year-over-year
- Expected to be ~60% of segment revenues

- **Oil and gas**

- Favorable oil prices expected to drive continued improvement in U.S. rig and frac activity
- Strong manufacturing backlog driven by increased demand for new environmentally friendly equipment
- Solid demand with continued growth in parts and service
- Supply chain issues expected to persist in the near-term with equipment deliveries ramping up through the year
- Expected to be ~40% of segment revenues

- **Segment Outlook**

- Revenues expected to increase 10% to 20% year-on-year
- Operating margins expected to be in the mid to high-single digits for the year



