

# 2Q 2024

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Earnings Conference Call

August 1, 2024



# 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 adverse economic conditions, industry competition and other competitive factors, adverse weather conditions such as high water, low water, tropical storms, hurricanes, tsunamis, fog and ice, tornados, marine accidents, lock delays, fuel costs, interest rates, construction of new equipment by competitors, government and environmental laws and regulations, and the timing, magnitude and number of acquisitions made by the Company. 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, 2023.

## 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: 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. 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](http://www.kirbycorp.com) in the Investor Relations section under Financials.



# 2Q 2024 Overview

## Financial Summary

\$ millions except earnings (loss) per share	2Q 2024	2Q 2023	Variance	%	1Q 2024	Variance	%
Revenues	\$ 824.4	\$ 777.2	\$ 47.2	6%	\$ 808.0	\$ 16.4	2%
Operating income	120.5	87.3	33.2	38%	101.5	19.0	19%
Net earnings attributable to Kirby	83.9	57.4	26.5	46%	70.1	13.8	20%
Earnings per share	1.43	0.95	0.48	50%	1.19	0.24	20%

- Good demand, steady market fundamentals, and solid execution in marine transportation and distribution and services
- Impacted by some headwinds, modest weather and navigational delays for marine and continued supply challenges for distribution and services
- Strong cash flow from operations of \$179 million with free cash flow of \$91 million
- Continued to repurchase stock with \$44 million of repurchases



# Marine Transportation – 2Q Overview

## Continued pricing momentum, but modestly impacted by poor navigational conditions

### Inland

- Steady customer demand with barge utilization in low to mid-90% range
- Continued pricing increases driving margin improvements
  - Spot market rates increased low to mid-single digits sequentially and mid-teens range year-over-year
  - Term contracts renewed mid-single digits year-over-year
- Delays due to weather and locks impacted 2Q operations, ~44% increase in delay days year-over-year
- 2Q operating margins in the low 20% range



### Coastal

- Limited availability of vessels and steady customer demand
- Barge utilization in the mid to high-90% range
- Continued price increases offset inflationary pressures, especially shipyards, and contributed to low teens operating margins

# Distribution & Services – 2Q Overview

## Stable demand across all end markets

### Power Generation

- Strong pace of orders with several large project wins in backup power and other industrial customers
- 9% year-over-year revenue growth with operating margins in the low double digits

### Oil and Gas

- Growth in e-frac business drives 22% sequential growth in revenues
- Executing on backlog and new orders of e-frac equipment while the conventional frac market remains soft

### Commercial and Industrial

- Stable demand across most businesses
- 16% sequential increase in revenues driven by growth in Thermo King product sales



# Marine Transportation

## 2Q 2024 Financial Summary

\$ millions	2Q 2024	2Q 2023	Variance	%	1Q 2024	Variance	%
Revenue	\$ 484.8	\$ 427.0	\$ 57.8	14%	\$ 475.4	\$ 9.4	2%
Operating income	94.9	64.3	30.6	48%	83.0	11.9	14%
Operating margin	19.6%	15.0%	4.6%		17.5%	2.1%	

	Inland		Coastal	
	Y/Y %	Q/Q %	Y/Y %	Q/Q %
Term increase	4%-6%		17%-20%	
Spot increase	14%-16%	2%-4%	23%-26%	6%-8%

### ■ Inland

- Contributed 81% of marine transportation revenues with average barge utilization in the low to mid-90% range
- Term contracts represented ~65% of revenue with ~59% attributed to time charters
- Operating margin in the low 20% range, an improvement from high teens a year ago

### ■ Coastal

- Contributed 19% of marine transportation revenues with average barge utilization in the mid to high-90% range
- Term contracts represented ~100% of revenue with ~97% attributed to time charters
- Operating margin in the low teens range, an improvement from low single digits a year ago

# Barge Construction and Retirements

## 2Q 2024 Update and FY 2024 Outlook

<b>Inland</b>	<b>2Q 2024</b>		<b>FY 2024Est</b>	
	<b>Barges</b>	<b>Barrels</b>	<b>Barges</b>	<b>Barrels</b>
(barrels in millions)				
Beginning of period	1,078	23.8	1,076	23.7
Additions:				
Reactivations/new builds/acquisitions	16	0.4	23	0.6
Reductions:				
Retirements	(1)	(0.0)	(3)	(0.0)
End of period	1,093	24.2	1,096	24.3

<b>Coastal</b>	<b>2Q 2024</b>		<b>FY 2024Est</b>	
	<b>Barges</b>	<b>Barrels</b>	<b>Barges</b>	<b>Barrels</b>
(barrels in millions)				
Beginning of period	28	2.9	28	2.9
Reductions:				
Retirements	-	-	-	-
End of period	28	2.9	28	2.9

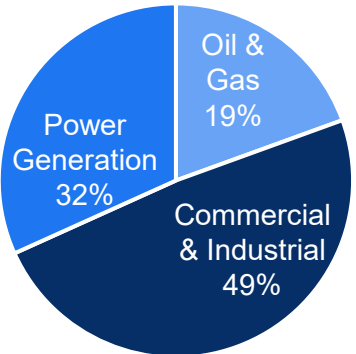


# Distribution & Services

## 2Q 2024 Financial Summary

\$ millions	2Q 2024	2Q 2023	Variance	%	1Q 2024	Variance	%
Revenue	\$ 339.6	\$ 350.3	\$ (10.7)	-3%	\$ 332.6	\$ 7.0	2%
Operating income	29.4	29.8	(0.4)	-1%	22.0	7.4	34%
Operating margin	8.7%	8.5%	0.2%		6.6%	2.1%	

## 2024 Q2 Revenue



- Power generation**

- Revenues up 9% year-over-year but down 21% sequentially as sales to the commercial and industrial markets remain strong while sales to oil and gas market was challenged by product delays
- Operating margin in the low double digits

- Commercial and Industrial**

- Revenues up 9% year-on-year and 16% sequentially due to steady marine repair activity and growth in ThermoKing product sales offsetting the slowness in on-highway truck activity
- Operating margin in the high single digits

- Oil and Gas**

- Revenues down 33% year-on-year but up 22% sequentially due to lower transmission sales as conventional frac activity remains low
- Operating margin in the low to mid-single digits



# Balance Sheet, Capital Expenditures, and Liquidity

As of June 30, 2024

Total  
Debt

**\$1.05B**

Cash and  
Cash Equivalents

**\$54M**

Available  
Liquidity

**\$488M**

## ■ 2Q 2024 Results

- Net cash flow provided by operating activities: \$179 million
- Proceeds from retired asset sales: \$7 million
- Repurchased 372,265 shares at an average price of \$117.33 for \$44 million
- Capital expenditures: \$89 million

## ■ 2024 Guidance

- 2024 net cash flow provided by operating activities: \$600 million to \$700 million
- 2024 capital expenditures: \$300 to \$330 million

**Free cash flow\* generation of ~\$300-\$350 million expected in 2024**

\* Free cash flow is defined as net cash provided by operating activities less capital expenditures



# Marine Transportation – 2024 Outlook

Solid demand due to limited availability of vessels, and strong refinery and chemical plant activity

## ■ Inland

- Stable market conditions driven by strong customer demand and limited new barge construction
- Barge utilization expected to be in low to mid-90% range
- Full year revenue growth in high single to low double-digit range
- Further price improvements on spot and term contracts due to favorable supply and demand dynamics
- Operating margins averaging just over 20% for the full year

## ■ Coastal

- Strong market conditions with solid customer demand
- Barge utilization expected to be low to mid-90% range due to favorable supply and demand conditions
- Full year revenues are expected to be up low double digits to mid-teens range year-over-year
- Operating margins are expected to be in low double-digit range on a full year basis



# Distribution & Services – FY 2024 Outlook

Growing demand for power generation products coupled with new manufacturing orders

- **Power generation**

- Strong demand from data center and backup power markets
- Lumpiness in revenues driven by timing of product availability
- Expected to be ~40-45% of segment revenues

- **Commercial and industrial**

- Expect strong marine repair demand with softer on-highway demand except for refrigeration products and services
- Expected to be ~40% of segment revenues

- **Oil and gas**

- Demand remains soft but might have reached the bottom
- Supply issues to extend lead times, contributing to volatile delivery schedule
- Expected to be ~15-20% of segment revenues

- **Segment Outlook**

- Revenues expected to be flat to slightly down year-over-year
- Operating margins expected to be in the mid to high-single digits for the year but slightly lower year-over-year due to change in product mix



