

# 3Q 2024

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Earnings Conference Call

October 30, 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.



# 3Q 2024 Overview

## Financial Summary

\$ millions except earnings (loss) per share	3Q 2024	3Q 2023	Variance	%	2Q 2024	Variance	%
Revenues	\$ 831.1	\$ 764.8	\$ 66.3	9%	\$ 824.4	\$ 6.7	1%
Operating income	126.9	93.5	33.4	36%	120.5	6.4	5%
Net earnings attributable to Kirby	90.0	63.0	27.0	43%	83.9	6.1	7%
Earnings per share	1.55	1.05	0.50	48%	1.43	0.12	8%

- Solid market fundamentals in marine transportation and distribution and services
- Modest weather and navigational delays for marine and continued supply challenges for distribution and services were offset by solid execution
- Revenues up 9% year-over-year and earnings per share up 48% year-over-year
- Strong cash flow from operations of \$207 million with free cash flow of \$130 million; YTD free cash flow of \$263 million
- Further improved balance sheet with \$70 million reduction in debt and continued to repurchase stock with \$56 million of repurchases



# Marine Transportation – 3Q Overview

## Pricing gains more than offset modest impact of poor navigational conditions

### Inland

- Continued improvements in pricing
  - Spot market rates increased low to mid-single digits sequentially and in the low double-digit range year-over-year
  - Term contracts renewed up in the high-single digits year-over-year
- Steady customer demand with barge utilization in the 90% range
- Delays due to weather and locks impacted 3Q operations, ~33% increase in delay days year-over-year
- 3Q operating margins in the low 20% range



### Coastal

- Strong customer demand due to limited availability of large capacity vessels
- Barge utilization in the mid to high-90% range
- Favorable market conditions drove continued price increases and mid teens operating margins

# Distribution & Services – 3Q Overview

## Mixed demand across end markets

### Power Generation

- Continued order growth with several large project wins in backup power and other industrial customers adding to our backlog
- 4% sequential revenue growth with operating margins in the high-single digits

### Oil and Gas

- 19% year-over-year revenue growth driven by e-frac business
- Conventional frac market remains very slow

### Commercial and Industrial

- 4% year-over-year increase in revenues driven by steady demand in marine engine repair
- Softness in on-highway truck service and repair



# Marine Transportation

## 3Q 2024 Financial Summary

\$ millions	3Q 2024	3Q 2023	Variance	%	2Q 2024	Variance	%
Revenue	\$ 486.1	\$ 429.9	\$ 56.2	13%	\$ 484.8	\$ 1.3	0%
Operating income	99.5	63.5	36.0	57%	94.9	4.6	5%
Operating margin	20.5%	14.8%	5.7%		19.6%	0.9%	

	Inland		Coastal	
	Y/Y %	Q/Q %	Y/Y %	Q/Q %
Term increase	6%-9%		25%-28%	
Spot increase	10%-12%	3%-5%	11%-13%	0%-3%

### ■ Inland

- Contributed 81% of marine transportation revenues with average barge utilization in the 90% range
- Term contracts represented ~65% of revenue with ~62% 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 ~99% of revenue with ~99% attributed to time charters
- Operating margin in the mid-teens range, an improvement from near break-even margins a year ago

# Barge Construction and Retirements

## 3Q 2024 Update and FY 2024 Outlook

<b>Inland</b>	<b>3Q 2024</b>		<b>FY 2024Est</b>	
	<b>Barges</b>	<b>Barrels</b>	<b>Barges</b>	<b>Barrels</b>
(barrels in millions)				
Beginning of period	1,093	24.2	1,076	23.7
Additions:				
Reactivations/new builds/acquisitions	5	0.1	23	0.6
Reductions:				
Retirements	(3)	(0.1)	(6)	(0.1)
End of period	1,095	24.2	1,093	24.2

<b>Coastal</b>	<b>3Q 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

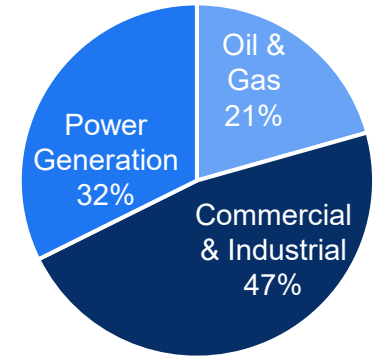


# Distribution & Services

## 3Q 2024 Financial Summary

\$ millions	3Q 2024	3Q 2023	Variance	%	2Q 2024	Variance	%
Revenue	\$ 345.1	\$ 334.9	\$ 10.2	3%	\$ 339.6	\$ 5.5	2%
Operating income	30.4	33.2	(2.8)	-8%	29.4	1.0	3%
Operating margin	8.8%	9.9%	-1.1%		8.7%	0.1%	

## 2024 Q3 Revenue



### Power generation

- Revenues down 6% year-over-year but up 4% sequentially as sales to the commercial and industrial markets remain strong while sales to oil and gas market were challenged by product delays
- Operating margin in the high-single digits

### Commercial and Industrial

- Revenues up 4% year-on-year but down 2% sequentially as steady marine repair activity offset the slowness in on-highway truck activity
- Operating margin in the high single digits

### Oil and Gas

- Revenues up 19% year-on-year and 8% sequentially due to solid execution on backlog and new orders of e-frac related equipment
- Operating margin in the mid to high-single digits





# Balance Sheet, Capital Expenditures, and Liquidity

As of September 30, 2024

Total  
Debt

**\$979M**

Cash and  
Cash Equivalents

**\$67M**

Available  
Liquidity

**\$570M**

## ■ 3Q 2024 Results

- Net cash flow provided by operating activities: \$207 million
- Proceeds from retired asset sales: \$5 million
- Repurchased 483,335 shares at an average price of \$115.46 for \$56 million
- Capital expenditures: \$76 million

## ■ 2024 Guidance

- 2024 net cash flow provided by operating activities: \$600 million to \$700 million
- 2024 capital expenditures: \$325 to \$355 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



3Q 2024 Earnings



# Marine Transportation – 2024 Fourth Quarter Outlook

Solid demand with minor headwinds, seasonal weather and marginal softness in the refining market

## ■ Inland

- Positive market dynamics due to limited new barge construction
- Barge utilization expected to be around 90% range
- Continued price improvements on term contracts due to mariner shortage and increasing cost of equipment
- Fourth quarter revenues flat to slightly down compared to the 2024 third quarter
- Fourth quarter operating margins expected to be down as compared to the 2024 third quarter
- Operating margins averaging just over 20% for the full year

## ■ Coastal

- Favorable market conditions with steady customer demand
- Barge utilization expected to be mid-90% range
- Fourth quarter revenues expected to be down mid-single digits when compared to 2024 third quarter given an increase in planned shipyards
- Fourth quarter operating margins are expected to be in the mid-to-high single digits



# Distribution & Services – 2024 Fourth Quarter Outlook

Near-term softness due to uncertainty in supply issues, and customers deferring maintenance

- **Power generation**

- Strong growth in orders as demand in data center and backup power markets remains robust
- Volatile delivery schedule of new products due to extended lead times for certain OEM products
- Expected to be ~35-40% of segment revenues

- **Commercial and industrial**

- Steady marine repair demand with softer on-highway demand
- Expected to be ~40-45% of segment revenues

- **Oil and gas**

- Lower activity levels but might have reached the bottom
- Expect incremental demand in long term as rates of investment improves
- Expected to be ~15-20% of segment revenues

- **Segment Outlook**

- Fourth quarter 2024 total segment revenues expected to be down in the mid-single digits sequentially
- Operating margins expected to be in the mid to high-single digits but lower than the 2024 third quarter due to product mix



