

Distribution & Services

Analyst Day 2018

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Cautionary Statement

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 the timing, magnitude and the number of acquisitions made by Kirby. Forward-looking statements are based on currently available information and Kirby assumes no obligation to update 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, 2017, and in Kirby's subsequent filing on Form 10-Q for the quarter ended March 31, 2018.



Distribution & Services

Legacy Diesel business has meaningfully grown with the addition of Stewart & Stevenson
Expanded Distribution platform provides a stable basis for growth

Marine Transportation

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

~60% of 2017 revenue and earnings



Distribution & Services

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

~40% of 2017 revenue and earnings

Segment Financial Overview

Distribution & Services (\$ millions)

Q1 – 2018

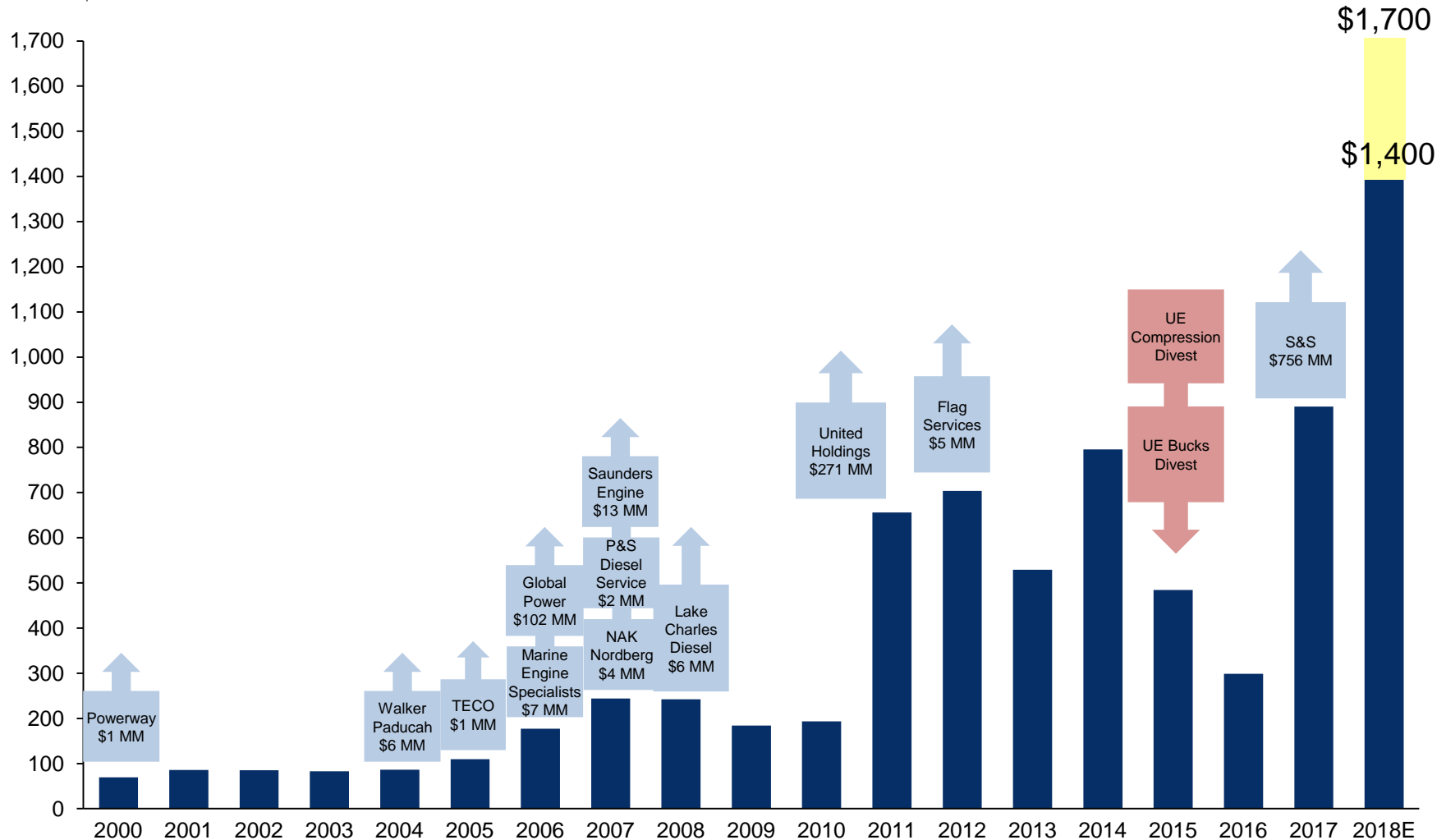
Revenue	\$401
Operating Margin	9.2%

Full year – 2018E

Revenue	\$1,400-1,700
Operating Margin	high single digit

Distribution & Services has a strong track record of accretive acquisitions

Revenue \$MMs



Introduction to Distribution & Services

Who we are...



65

LOCATIONS ACROSS NORTH
AND SOUTH AMERICA

224

SUB-DEALER LOCATIONS
ACROSS NORTH AMERICA

4

INTERNATIONAL SALES
OFFICES

~200

SALES PROFESSIONALS

~70

ENGINEERS

~1,250

QUALIFIED TECHNICIANS

~2.5MM

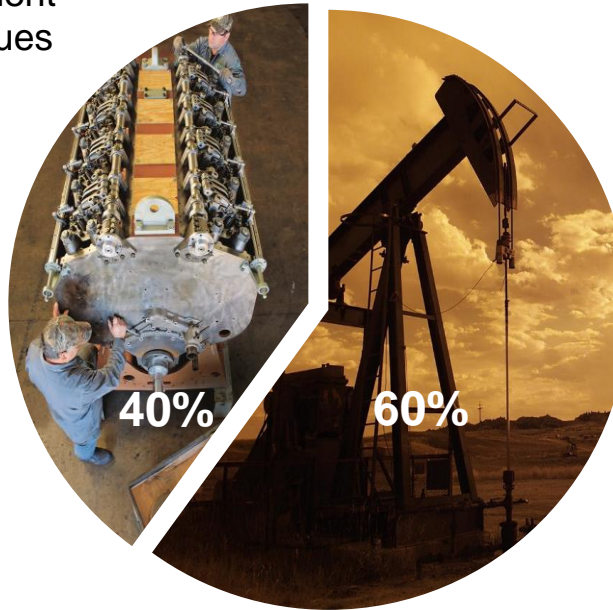
SQUARE FEET OF SHOP
CAPACITY

Distribution & Services has diversified sources of revenue across multiple industries

Customer Industry Base

Commercial & Industrial - Distribution, services and packaged equipment
~40% of D&S Segment Revenues

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



Oil & Gas - Distribution, services and manufactured equipment
~60% of D&S Segment Revenues

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

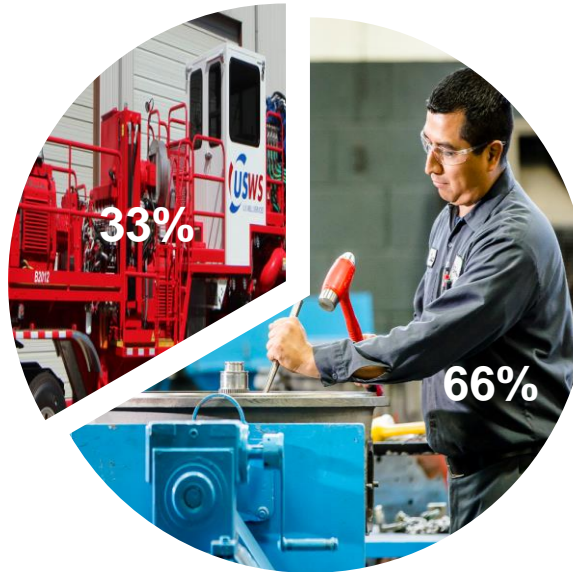
Distribution platform provides stability, while Manufacturing provides leverage for growth

Product and Service Line

Manufacturing

~1/3 of D&S Revenues

- Hydraulic fracturing equipment and other ancillary support equipment (e.g., blenders, hydration units)
- Coil tubing units
- Seismic equipment
- Proprietary control systems
- Telematics
- Remanufacturing of used oil field service equipment
- RailKing rail car movers
- Power generation equipment
- Customized switchgear solutions
- Marine proprietary control systems



Distribution of OEM Products

~2/3 of D&S Revenues

- OEM Finished Product (e.g., engines, transmission, etc.)
- Parts and Services
- Remanufacturing of engines and transmissions
- Field services

Distribution & Services brands are well respected in the market

How we go to market...

DISTRIBUTION



MANUFACTURING



MANUFACTURING
TECHNOLOGIES

Substantial Distribution geographic footprint provides breadth and depth, while Manufacturing leverages scale

What our network represents...

Kirby's geographic **DISTRIBUTION** territory represents...

- 80% of U.S. Oil & Gas drilling and completion activity
- Nationwide marine service coverage
- 48% of the U.S. population
- 3 of the 5 fastest growing states
- 34% of U.S. vehicle miles traveled

Kirby's **MANUFACTURING** network leverages scale to achieve...

- Leading market share of non-captive pressure pumping equipment manufacturers
- Leading market share reman of non-captive pressure pumping equipment
- ~\$100MM in international sales across 60 countries, a meaningful opportunity for future growth













Kirby is a leader in industrial distribution

What 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

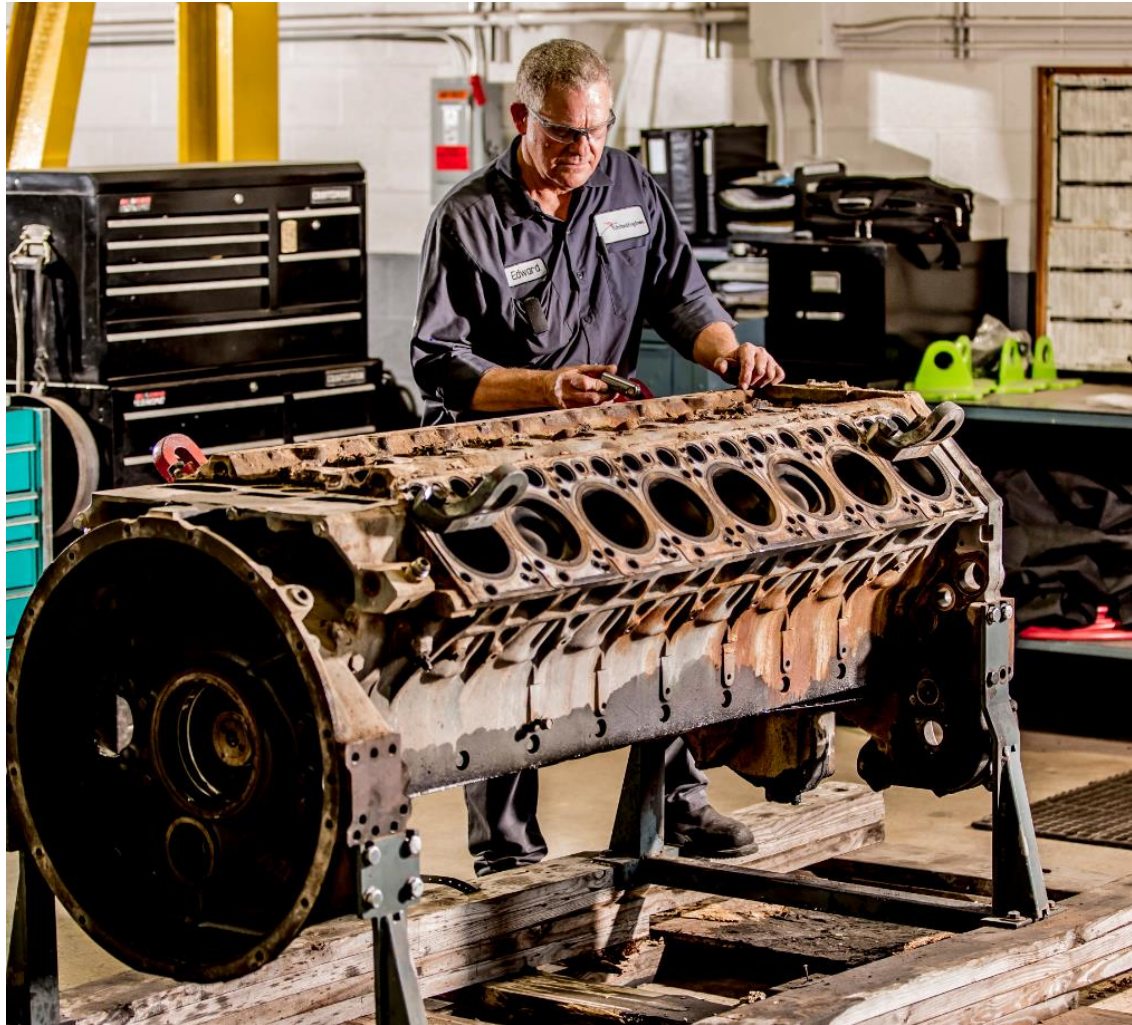
(C) Commercial
(L) Light/pleasure



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DISTRIBUTION



Distribution Business – Breadth and depth, with scale for long term growth

~2/3 of Distribution & Services revenues

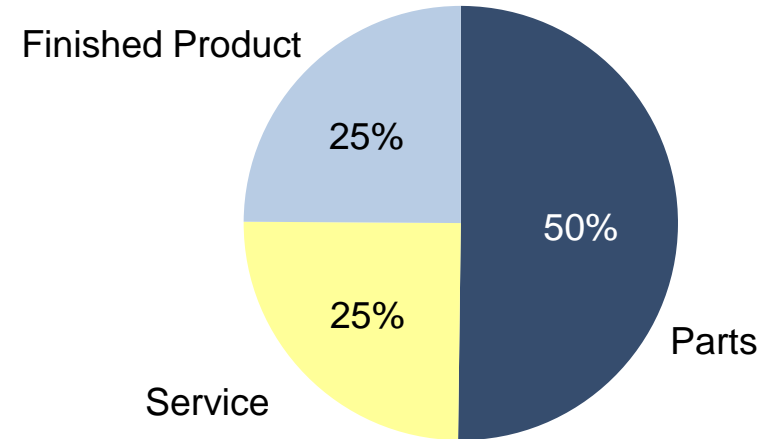
PERSONNEL

- 835 technicians and shop personnel operating nationwide throughout Kirby network
- 40 engineers dedicated to equipment application design
- 150 sales professionals engaged with our customers and OEM partners
- 17 full-time dedicated trainers with 13 hands-on shop classrooms

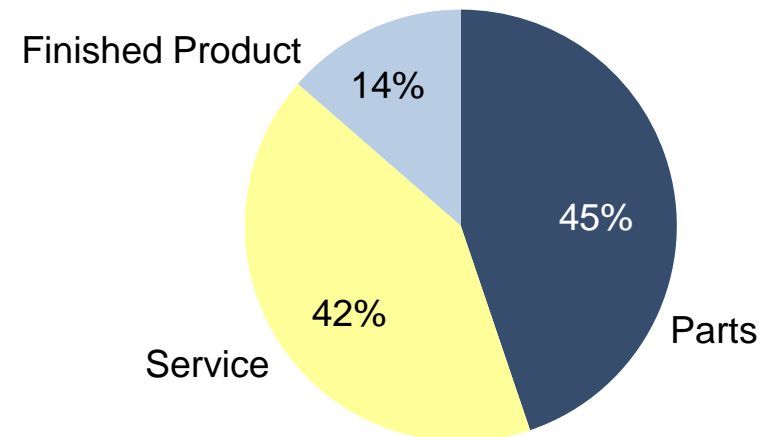
SOURCES OF DIFFERENTIATION

- Network scale - we can follow our customers and we have significant operating leverage potential
- Deep OEM partner relationships and integration
- Breadth of product and service offering
- Supply chain reach and efficient inventory depth
- Customer integration into their engineering and operations
- In-house training centers build leading technical capabilities for our employees and customers

Distribution Revenue Makeup



Gross Profit \$ Contribution

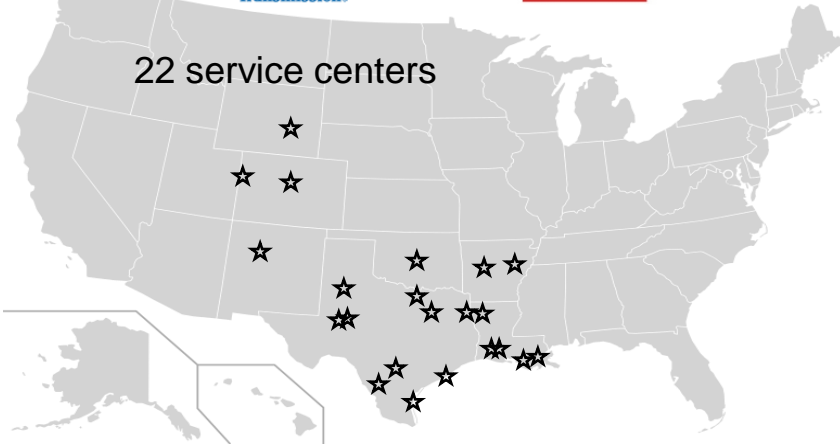


Distribution: Oil & Gas has the most near term upside

~40% of Distribution Revenues



22 service centers



■ Service offering

- Allison new and rebuilt transmission sales
- MTU new and rebuilt engine sales
- Proprietary parts
- Field service with 24x7 response
- Engineering support

■ Growth opportunities

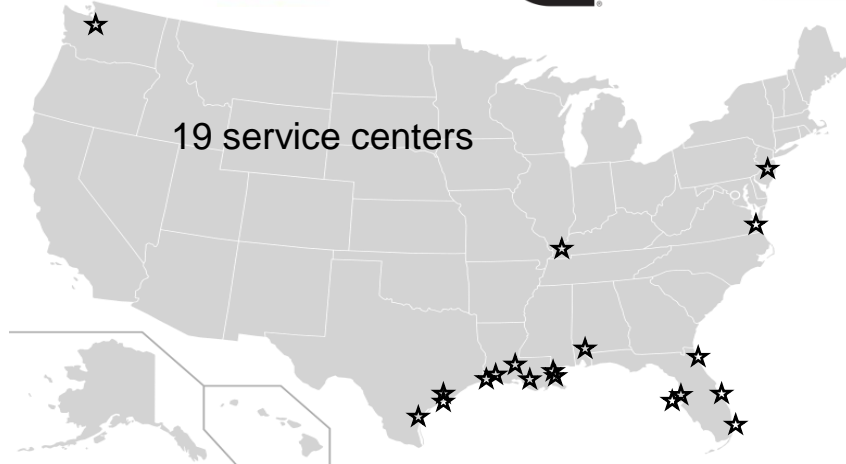
- Reactivation of idled well-servicing equipment
- Pressure pumping fleet growth to support well completion activity
- Higher-intensity well servicing operations degrading equipment faster
- Breadth of geographic coverage provides continuity of service response

■ Demand Drivers

- NAM drilling & completion activity
- Crude oil prices
- Well-servicing equipment duty cycle

Distribution: Commercial Marine is a stable core business

~15% of Distribution Revenues



■ Service offering

- New and remanufactured product and parts sales
 - Engines and gears
 - Generators
 - Barge pumps
- Field service support, 24x7 response, global coverage
- Engineering support

■ Growth opportunities

- Single-source solution for a diverse product mix with strategically located service centers
- New engine sales for EPA Tier 3 and Tier 4 applications involving gas and diesel engines
- USCG Subchapter M regulations
- USCG Ballast Water Treatment System regulations

■ Demand drivers

- Inland and coastal marine fundamentals and maintenance cycles (barging, industrial, fishing, military, offshore drilling)
- Offshore OSV/PSV market

Distribution: Pleasure and Light Commercial Marine is a stable core business

~5% of Distribution Revenues



■ Service offering

- Component rebuild, vessel repowering, new product sales
 - Main engines
 - Reduction gears
 - Generators
- Proprietary parts
- Engineering support

■ Growth opportunities

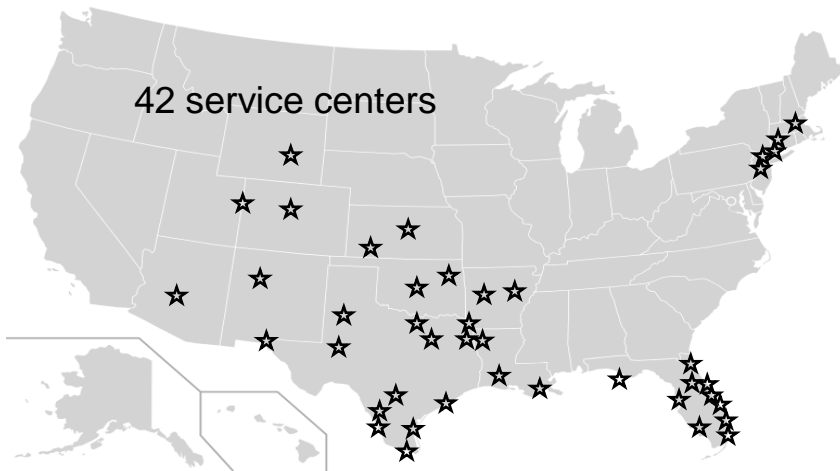
- Product & engineering support for final transition to EPA Tier 4 in 2020
- Breadth of geographic coverage provides continuity of service response

■ Demand drivers

- GDP
- Private wealth

Distribution: Power Generation is an underpenetrated market, largest market share growth opportunity

~10% of Distribution Revenues



■ Service offering

- Product sales: complete generator packages supported with application engineering resources
- Field service with 24x7 response

■ Growth opportunities

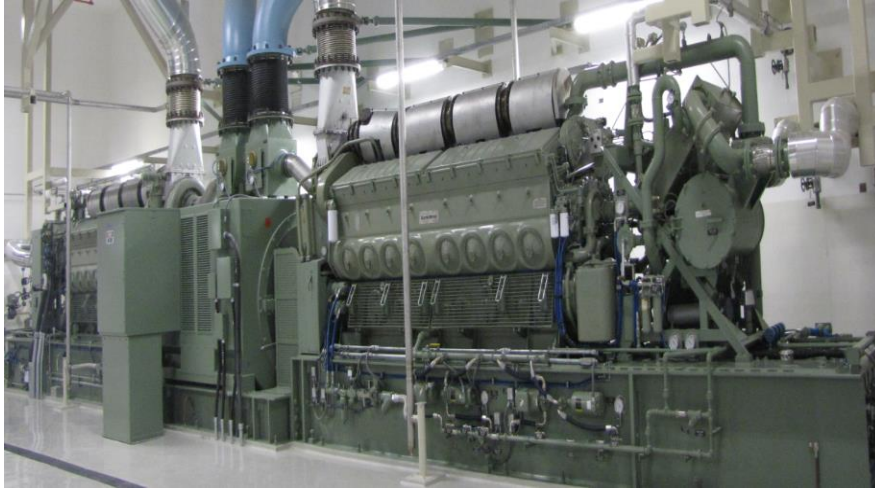
- Data center backup power
- Regulatory changes in response to natural disaster recover and safety
- High quality, qualified and reputable field service and maintenance capabilities
- Breadth of geographic coverage provides continuity of service response

■ Demand drivers

- GDP
- Data center building activity
- Other commercial & industrial building activity
- Residential home starts

Distribution: Nuclear Power Generation is a stable, highly specialized niche market

~5% of Distribution Revenues



ELECTROMOTIVE

Worldwide coverage
Engineering & Service HQ in North Carolina



Over last 3 years, foreign sales to:

- Mexico
- Korea
- Taiwan
- Spain
- Slovenia
- Finland
- Sweden
- Belgium
- Canada

■ Service offering

- Product sales: engine and generator package sales with engineering support
- Parts sales for OEM proprietary items
 - Supplied under ESI's nuclear QA program
 - Parts inspection and testing
- Field service with 24x7 response, worldwide coverage

■ Growth opportunities

- Control system retrofit upgrades
- Generator retrofit upgrades
- Engine fuel injection products

■ Demand drivers

- Regulated industry by Nuclear Regulatory Commission
- Strict maintenance schedules
- Parts obsolescence issues

Distribution: On-Highway, underpenetrated today, is a scale business that leverages our geographic footprint

~10% of Distribution Revenues



- **Service offering**
 - Truck shop service and proprietary parts sales
 - 24x7 Field & roadside service
- **Growth opportunities**
 - Fleet maintenance programs
 - Breadth of geographic coverage provides continuity of service response
- **Demand drivers**
 - Commercial trucking vehicle miles traveled
 - Recreational vehicle miles traveled
 - Transit maintenance spend

Distribution: Mining is a consistent business with a strong incumbent position

~5% of Distribution Revenues



Colombia



5 service centers



■ Service offering

- MTU new and rebuilt engine sales
- Proprietary parts sales
- Field service with 24x7 response
- Onsite personnel working at mines
- Engineering support

■ Growth opportunities

- Expansion of Colombian mining operations
- Expansion of field service operations within existing mines

■ Demand drivers

- Coal commodity prices
- Mining vehicle maintenance cycles

Distribution: Industrial Equipment business benefits from our portfolio of OEM relationships

~5% of Distribution Revenues



■ Service offering

- Component rebuild: engines and transmissions
- Product sales: engine and transmission package sales with application engineering support
- 24x7 service support across Kirby network

■ Growth opportunities

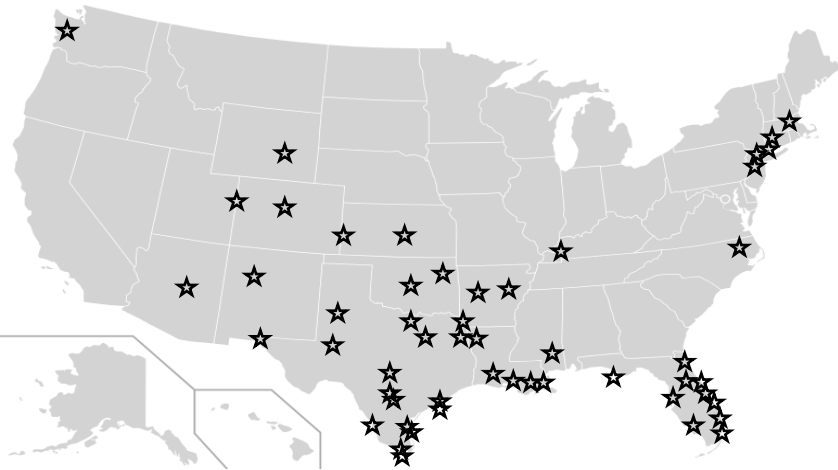
- Product and engineering support for final transition to EPA Tier 4 in 2019
- Breadth of geographic coverage provides continuity of service response

■ Demand drivers

- Durable goods spend
- Construction and building activity
- NAM agriculture irrigation demand/commodity pricing



Nationwide presence across Kirby service network

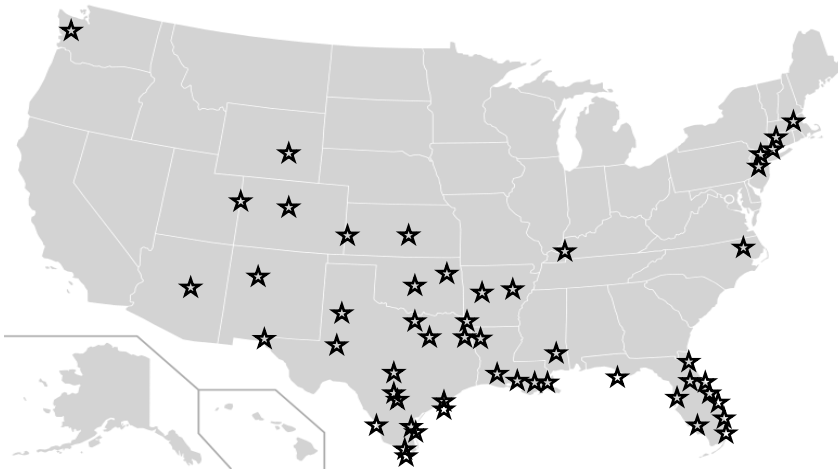


Distribution: Specialty Equipment Rental is a niche market that leverages our broad customer relationships

~5% of Distribution Revenues



Deployment nationwide across Kirby network



■ Service offering

- Specialized equipment rental for large scale power generation
- High capacity air compressors and material handling equipment
- Large capacity material handling equipment and railcar movers
- Field natural gas power generation units for remote O&G production sites

■ Growth opportunities

- Contracted emergency/storm response power generation capacity for national retail and financial service institutions
- RailKing railcar movers
- Breadth of geographic coverage provides continuity of service response

■ Demand drivers

- Weather-related extended power outages
- Industrial facility maintenance cycles

Distribution & Services Market Matrix

Distribution ~2/3 of Revenues

Industry Vertical	Appx % of Dist Rev	Market penetration	Growth opportunity	Industry growth factor
Oil & Gas	40 %	Medium	High – market cycle	Oil & Gas: U.S. drilling and completion activity
Commercial marine	15 %	High	Market execution	GDP, regulations, U.S. crop production, U.S. chemicals
Pleasure marine	5 %	High	Market execution	GDP, private wealth
Power generation	10 %	Low	High – grow share	GDP, Construction activity, backup power requirements/regulations
Power generation – Nuclear	5 %	High	Market execution	GDP, NRC regulations
On-Highway	10%	Low	High – grow share	GDP, Vehicle Miles Traveled
Mining	5 %	Medium	Market execution	Global coal prices
Industrial	5 %	Low	Medium – grow share	GDP, Construction and plant turnaround activity
Specialty equipment rental	5 %	Low	Medium – expand niche	GDP, Construction and plant turnaround activity, weather

MANUFACTURING



Manufacturing Business – Leverage Oil & Gas expertise for earnings growth

~1/3 of Distribution & Services Revenues

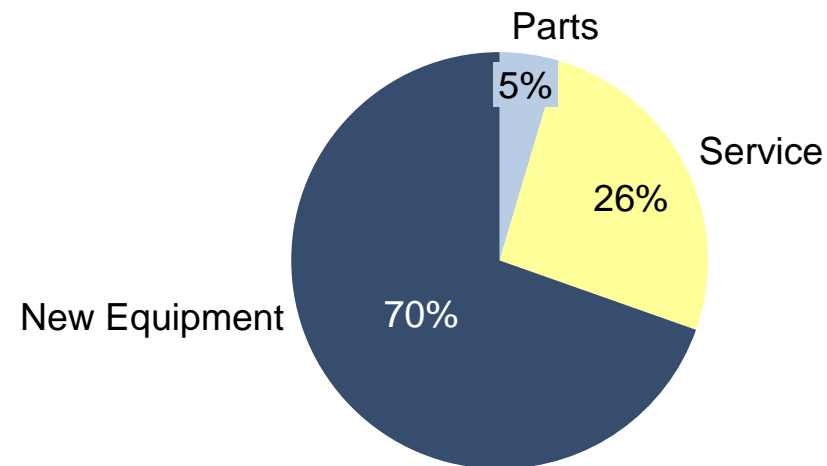


- Remanufacturing focus
- New product offerings tend to be customized
- O&G product offering focused on pressure pumping equipment
- Midland/Odessa fast-lane service and product support facility

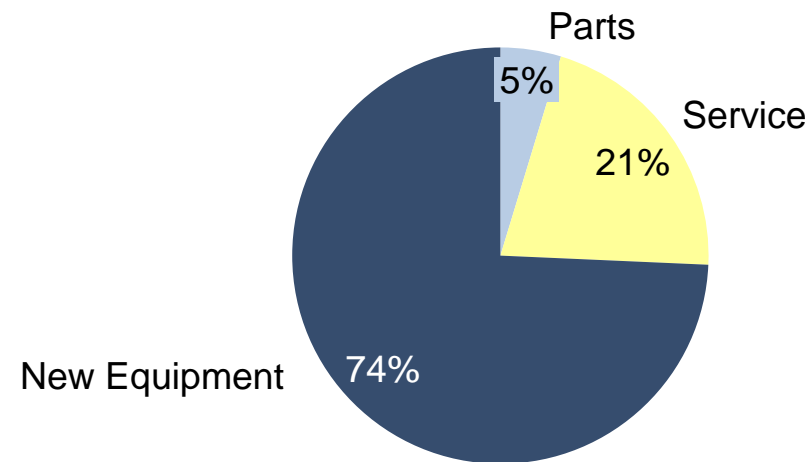


- Domestic and international customer base
- New product offerings tend to be standardized
- Broad O&G product offering and some non-O&G commercial product
- Integrated proprietary controls solutions – the S&S Accufrac – and telematics

Manufacturing Revenue Makeup



Gross Profit \$ Contribution



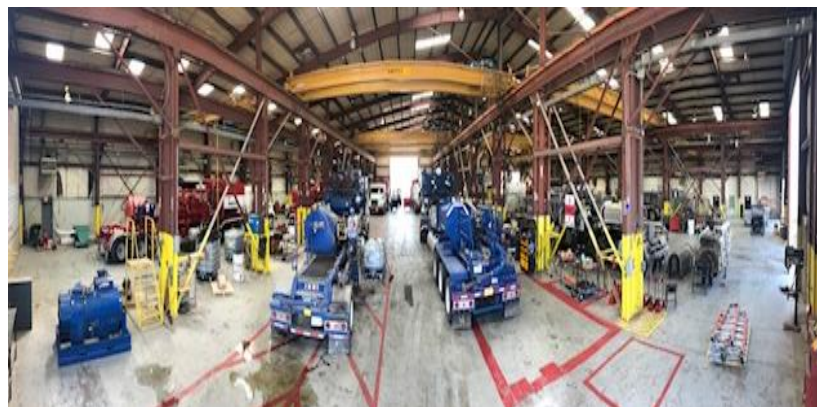
Scalable World Class Production and service capacity

4 active facilities with ~600,000 sq ft make us the largest dedicated well service equipment manufacturing service provider in North America

UEM OKC: ~220,000 sq ft



UEM Odessa: ~150,000 sq ft



UEM Edmond: ~30,000 sq ft



S&S Telge Rd: ~200,000 sq ft



Frac Unit Manufacturing Time-lapse



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Hydraulic Fracturing Equipment represents significant long term growth opportunity

Engineered Product

- Scale of Kirby manufacturing operations provide a quick and cost competitive products
- Kirby has led market changing innovation in electric frac equipment, sound damped equipment, and dry gel and dry FR hydration systems
- S&S Accufrac proprietary controls provide operators state of the art pumping operations



Remanufacturing services

- UE Manufacturing's "Zero Hour Rebuild" provides an effectively new unit at approximately half the cost of new
- "Fast Lane" services return idled equipment to field ready status quickly and inexpensively
- Estimated 5M HP has the potential for reactivation
- Over half of the working HP is approaching end of engine life – a reman opportunity

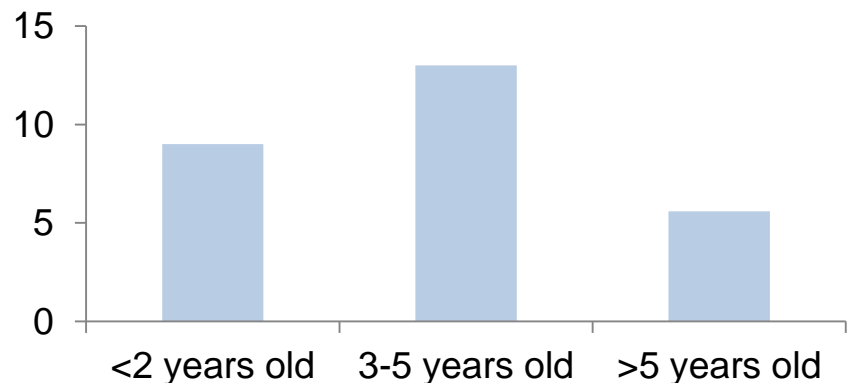


Source: EIA, "Drilling Productivity Report"

Source: Spears & Associates, as of Dec 2017

NAM Pressure Pumping Fleet age

Millions of HP



Remanufacturing expertise a competitive advantage in an Oilfield Services space focused on Return on Capital

Before...

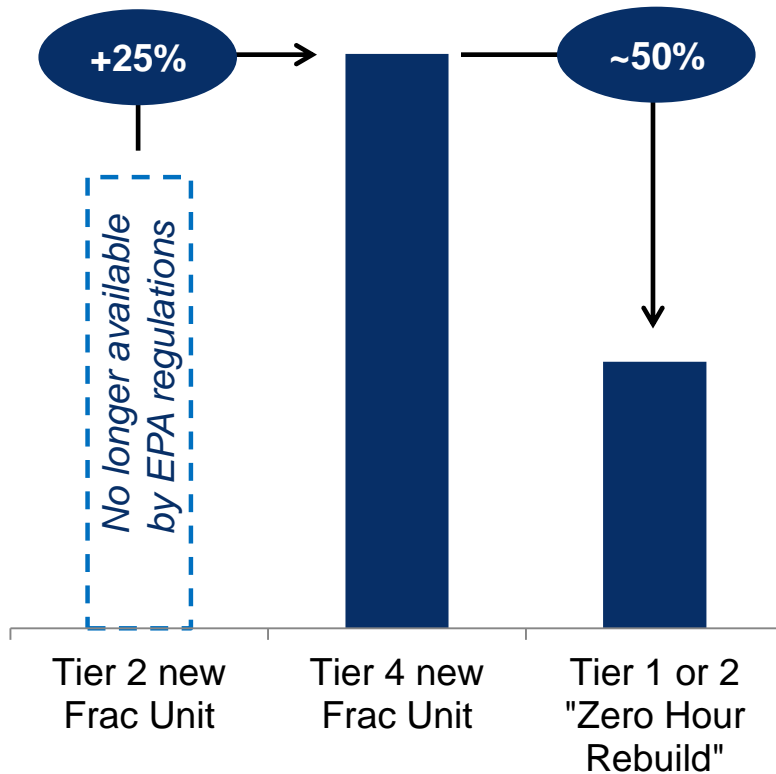


After...



Remanufacturing is a good economic decision for our customers

Relative Pricing of Frac Units



UEM's "Zero Hour Rebuild" has the same performance and expected life as a new unit at approximately half of the cost

Impact of regulatory changes

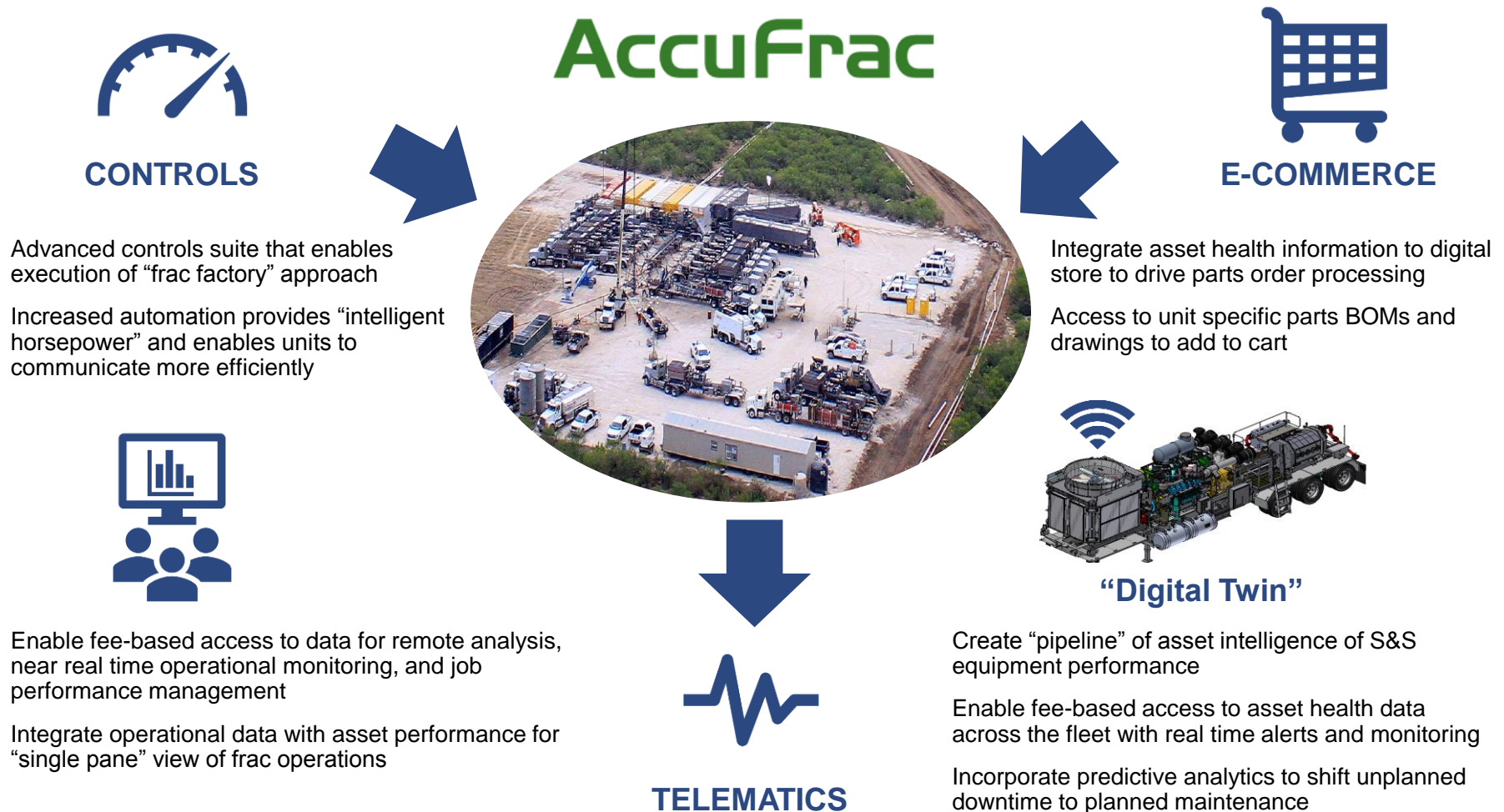
- Tier 4 Frac units increase new unit price by up to 25%
 - Increased sophistication of engines and after treatment (e.g., SCR)
 - High heat loads from engines require upgraded cooling
 - Increased weight from heavier components require upgraded chassis
- Existing non-Tier 4 compliant equipment can remain in operation, including after rebuilding

What we see in the market

- Increased capital discipline in our customer base, frac operators, is dictating reman programs
 - In 2016, 20% of UEM capacity was dedicated to reman activities
 - In 2017, 85% of UEM capacity was dedicated to reman activities
- Estimate 5 million HP of frac equipment is still idle, some portion will come back and will require meaningful capital investment

S&S “AccuFrac” controls unique among manufacturers

Upgrade underway to improve equipment performance and open new revenue streams



Distribution & Services Market Matrix

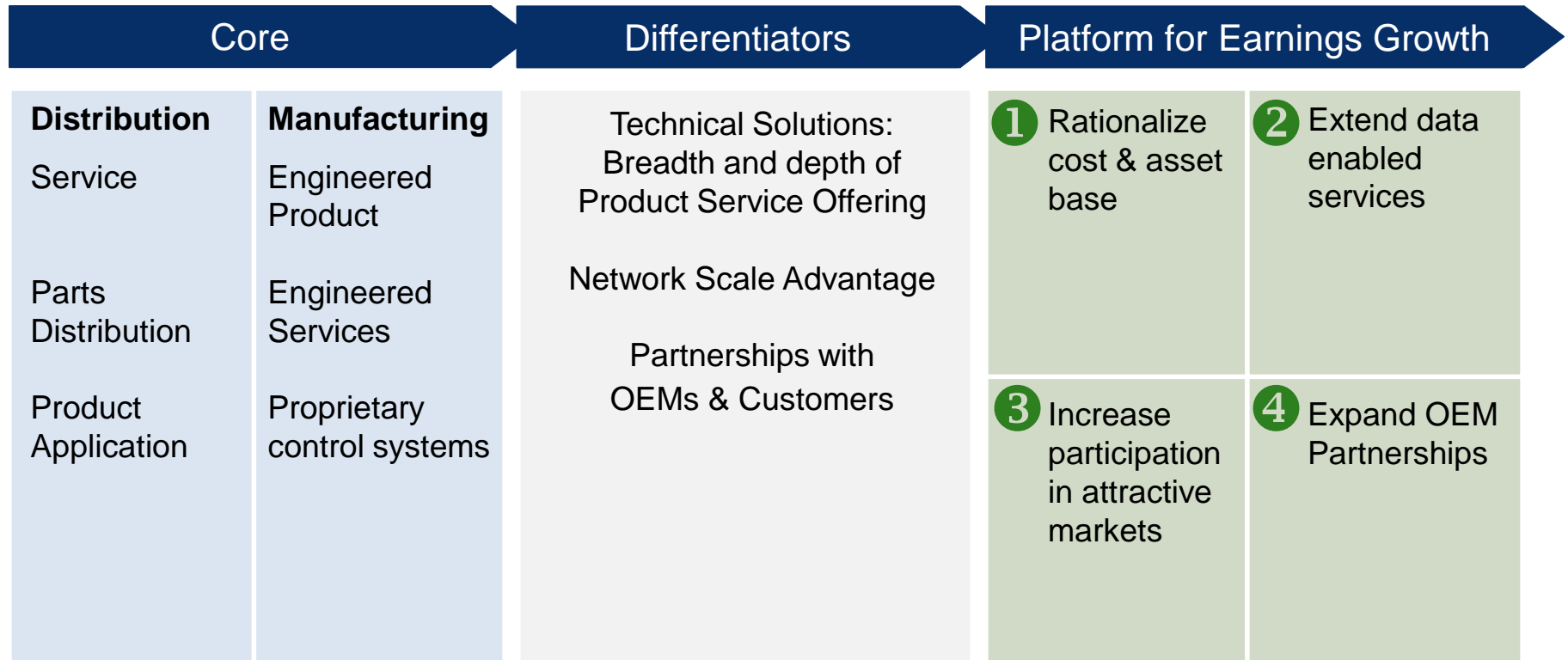
Manufacturing ~1/3 of Revenues

Industry Vertical	Appx % of Mfg Rev	Market penetration	Growth opportunity	Industry growth factor
New Product – Domestic	55 %	High	Medium – market cycle	Oil & Gas: U.S. drilling and completion activity
Reman Services - Domestic	25 %	High	Medium – market cycle	Oil & Gas: U.S. drilling and completion activity
New Product – International	20 %	Low	High – grow share	Oil & Gas: ROW drilling and completion activity

Distribution & Services – The Path Forward



Distribution & Services Differentiators: expertise, scale, and partners



Integrating power solutions for our customers while distributing our OEM partners' products

Questions

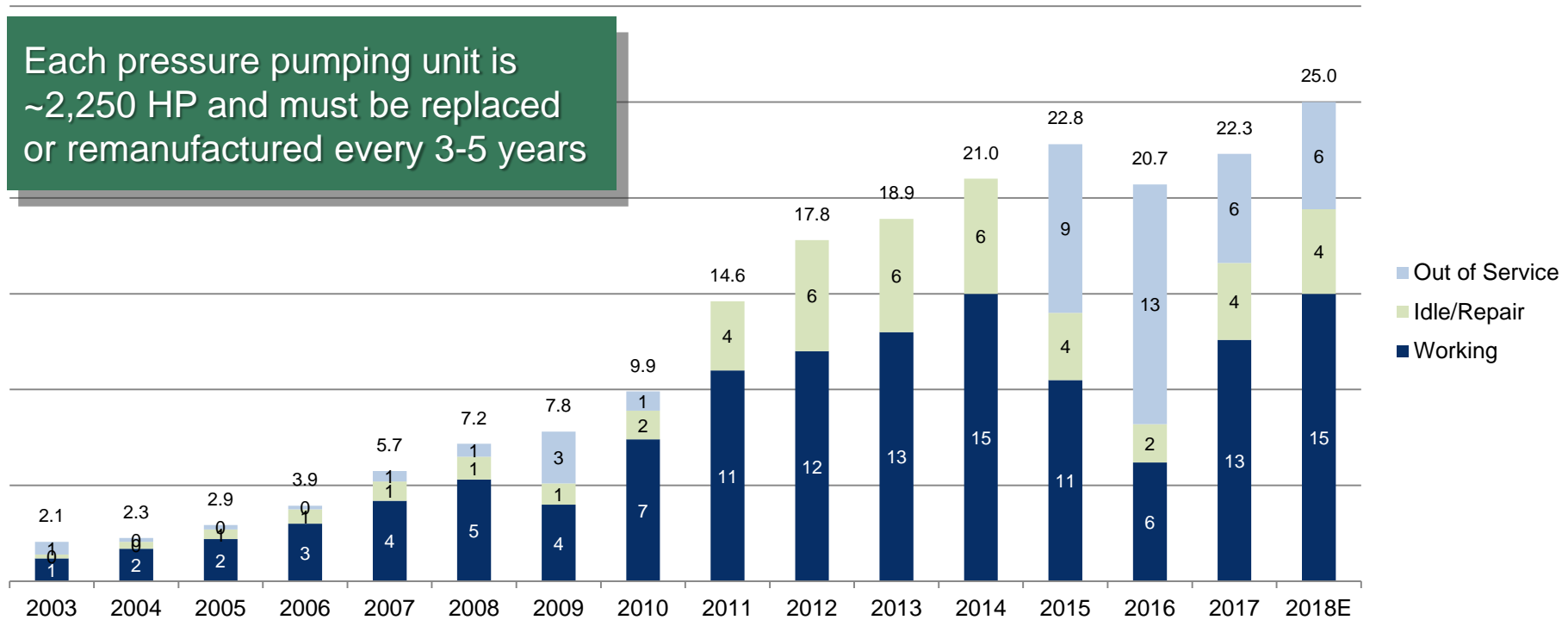


Appendix

Pressure Pumping Market Size

Estimated North American Pressure
Pumping Horsepower (*millions*)
2003-2018E

Each pressure pumping unit is
~2,250 HP and must be replaced
or remanufactured every 3-5 years



Source: Spears & Associates (with permission)