

1Q 2020

Earnings Conference Call

May 5, 2020



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, 2019 and in subsequent quarterly filings on Form 10-Q.

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. 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.



1Q Overview

Financial Summary

\$ millions except earnings (loss) per share	1Q 2020	1Q 2019	Variance	%	4Q 2019	Variance	%
Revenues	\$ 643.9	\$ 744.6	\$ (100.7)	-14%	\$ 655.9	\$ (12.0)	-2%
Operating income (loss)	(381.8)	72.1	(453.9)	-630%	16.2	(398.0)	-2457%
Net earnings (loss) attributable to Kirby	(248.5)	44.3	(292.8)	-661%	2.8	(251.3)	-8975%
Earnings (loss) per share	(4.15)	0.74	(4.89)	-661%	0.05	(4.20)	-8400%
Excluding one-time items:							
Operating income ^{1,2}	51.5	72.1	(20.6)	-29%	56.5	(5.0)	-9%
Net earnings attributable to Kirby ^{1,2}	35.3	44.3	(9.0)	-20%	34.5	0.8	2%
Earnings per share ^{1,2}	0.59	0.74	(0.15)	-20%	0.58	0.01	2%

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 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 \$433.3 million before-tax, \$334.6 million after-tax, or \$5.59 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
- ² 4Q 2019 operating income, net earnings attributable to Kirby, and earnings per share exclude \$40.3 million of before-tax charges or \$0.53 per share as follows:
- Inventory write-downs of \$35.5 million before-tax, or \$0.47 per share; and
 - Severance and early retirement expense of \$4.8 million before-tax, or \$0.06 per share



COVID-19 Response

Top Priorities

Health &
Safety

Customer
Service

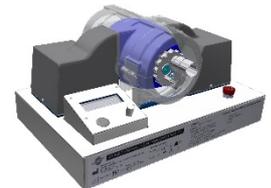
Business
Continuity

Kirby

- Pandemic response plan activated in early March
- Safeguards to protect our employees, customers, and suppliers
 - Enabled employees to work remotely
 - Enhanced PPE and medical protocols
 - Reduced mariner interaction with shoreside personnel
 - Modified crew change timing and protocols
 - Quarantined employees as a precaution

Community

- Jointly developed a low-cost ventilator prototype
 - Team of Stewart & Stevenson engineers
 - Rice University's Oshman Engineering Design Kitchen (OEDK)
- Signed licensing agreement to produce an advanced version of the ApolloBVM ventilator
- Emergency ventilator for first response situations or when a traditional ventilator is not available
- Awaiting FDA approval



Marine Transportation Overview

1Q Overview

- High barge utilization
- Strong customer demand
- Improved term and spot pricing
- Near record delay days in inland
- Planned shipyard maintenance in coastal



COVID-19 Impact

- Nationwide stay-at-home orders have significantly impacted the economy
- Customers have reduced refinery runs and lowered chemical plant utilization
- Barge utilization rates for inland and coastal have declined

Distribution & Services Overview

1Q Overview

- Modest improvement in oil and gas distribution
- Manufactured new pressure pumping units
- Marine repair benefited from a strong barge market

COVID-19 Impact

- Oil and gas activity has dramatically declined
- Reduced demand in power generation and on-highway
- Thermo-King refrigeration activity steady
- Realigning cost structure
 - Workforce reductions
 - Furloughs
 - Reduced work schedules
 - Cut discretionary spending and capital expenditures
 - Consolidating facilities



1Q 2020 One-Time Items

One-time items total (\$4.74) per share

Impairments

- (\$433.3) million before-tax or (\$5.59) per share after-tax
- All related to the distribution and services segment
- Includes the write-down of goodwill, intangible assets, fixed assets, and inventory
- Result of COVID-19, low oil prices and activity, and reduced outlook for oil and gas businesses through 2021

Tax Benefit

- \$50.8 million or \$0.85 per share
- Result of recent U.S. CARES Act legislation
 - Allows carryback of NOLs from 2018, 2019, and 2020 to previous five years
 - 2020 effective tax rate of ~15%

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.



Marine Transportation

1Q 2020 Financial Summary

\$ millions	1Q 2020	1Q 2019	Variance	%	4Q 2019	Variance	%
Revenue	\$ 403.3	\$ 368.1	\$ 35.2	10%	\$ 402.0	\$ 1.3	0%
Operating income	50.7	35.4	15.3	43%	54.5	(3.8)	-7%
Operating margin	12.6%	9.6%	3.0%		13.6%	-1.0%	

■ Inland

- Contributed 79% of marine transportation revenues with barge utilization in the low to mid-90% range
- Term contracts represented ~60% of revenue with ~65% attributed to time charters
- Term contracts renewed higher in the low-single digits
- Spot market rates increased approximately 5% sequentially and year-on-year
- Operating margin in the mid-teens impacted by high delay days

■ Coastal

- Contributed 21% of marine transportation revenues with barge utilization in the low to mid-80% range
- Term contracts represented ~85% of revenue with ~90% attributed to time charters
- Term contracts and spot market rates increased in the 10% to 15% range
- Operating margin in the low single digits impacted by planned shipyard activity



Barge Construction and Retirements

1Q 2020 Update and FY 2020 Outlook

Inland <small>(barrels in millions)</small>	1Q 2020		FY 2020 (Estimated)	
	Barges	Barrels	Barges	Barrels
Beginning of period	1,053	23.4	1,053	23.4
Additions:				
Savage Inland Marine	-	-	92	2.6
Reactivations	10	0.3	10	0.3
Purchases	3	-	3	-
Reductions:				
Retirements	(1)	-	(10)	(0.3)
End of period	1,065	23.7	1,148	26.0

Coastal <small>(barrels in millions)</small>	1Q 2020		FY 2020 (Estimated)	
	Barges	Barrels	Barges	Barrels
Beginning of period	49	4.7	49	4.7
Additions:				
None	-	-	-	-
Reductions:				
Retirements	-	-	(4)	(0.5)
Charters returned	-	-	(1)	(0.1)
End of period	49	4.7	44	4.1

Distribution & Services

1Q 2020 Financial Summary

\$ millions	1Q 2020	1Q 2019	Variance	%	4Q 2019	Variance	%
Revenue	\$ 240.7	\$ 376.5	\$ (135.8)	-36%	\$ 253.9	\$ (13.2)	-5%
Operating income (loss)	3.7	37.6	(33.9)	-90%	(2.7)	6.4	237%
Operating margin	1.5%	10.0%	-8.5%		-1.1%	2.6%	

▪ Oil and gas

- Results declined due to reduced oilfield activity and demand for new pressure pumping equipment
- Represented ~33% of segment revenue
- Operating margin in the negative mid-single digits

▪ Commercial and industrial

- Revenues improved due to the Convoy Thermo King acquisition, offset by COVID-19 related demand reductions in power generation and on-highway
- Represented ~67% of segment revenue
- Operating margin in the mid-single digits



Balance Sheet and Liquidity

Strong Liquidity and Free Cash Flow Position

As of March 31, 2020

Total
Debt
\$1.7B

Cash and
Cash Equivalents
\$323M

Available
Liquidity
\$690M

- \$278 million of cash used to purchase Savage Inland Marine on April 1st
- 2020 capital expenditures at or below the lower end of the previous guidance range of \$155M to \$170M
 - Reduction of ~40% year-on-year
- No debt maturities until 2023
- Significant room available under debt covenants
- Tax refunds of ~\$125 million expected as a result of the carryback of net operating losses

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

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



2020 Outlook – Marine Transportation

Well-positioned to weather the impact of COVID-19

- Reduced refinery output and chemical plant utilization likely to result in further declines in barge utilization
- Mitigating factors to overcome the downturn:
 - Barging is critical to the industrial supply chain; product storage and repositioning needs are increasing
 - Upcoming lock maintenance projects expected to boost demand
 - Limited new industry barge construction in 2020
 - Long-term nature of customer relationships and contracts
 - Variable nature of inland cost structure
- Inland comparison to 2008 / 2009 recession
 - Barge utilization declined ~10%
 - Operating margins declined ~3% over a period of quarters

2020 Outlook – Distribution & Services

Actions have been taken to mitigate the impact of COVID-19 and low oil prices

- Oil and gas
 - Activity will be extremely limited through 2020 and likely most of 2021
 - Versus 2019, U.S. rig counts expected to be down ~65% and active frac fleets down ~75%
- Commercial and industrial
 - All businesses expected to experience some reduced demand as a result of the economic slowdown
 - On-highway and power generation sectors the most impacted
 - Commercial marine repair and Thermo-King refrigeration less impacted in the near-term
- Significant actions to reduce costs ongoing
- Targeting full year segment operating margins at a small loss or breakeven levels



