

The image is a cover for the Kirby Corporation 2019 Annual Report. It features a close-up, low-angle shot of the side of a large white vessel, likely a ship or offshore platform, against a sunset sky. The sky transitions from a deep blue at the top to a bright orange and yellow near the horizon. The vessel's structure includes a railing in the foreground and a light fixture. On the right side, a large, stylized white logo of the word "Kirby" is superimposed over the image. The logo is set within a white, angular, geometric frame that resembles a stylized 'K' or a series of overlapping planes.

KIRBY CORPORATION
2019 ANNUAL REPORT

Kirby

Financial Highlights

| | For the years ended December 31, | | | | |
|--|----------------------------------|-------------------------------|-------------------------------|---------------------|---------------------|
| (In thousands, except per share amounts) | 2019 | 2018 | 2017 | 2016 | 2015 |
| Revenues: | | | | | |
| Marine transportation | \$ 1,587,082 | \$ 1,483,143 | \$ 1,324,106 | \$ 1,471,893 | \$ 1,663,090 |
| Distribution and services | 1,251,317 | 1,487,554 | 890,312 | 298,780 | 484,442 |
| | <u>\$ 2,838,399</u> | <u>\$ 2,970,697</u> | <u>\$ 2,214,418</u> | <u>\$ 1,770,673</u> | <u>\$ 2,147,532</u> |
| Net earnings attributable to Kirby | <u>\$ 142,347</u> | <u>\$ 78,452</u> | <u>\$ 313,187</u> | <u>\$ 141,406</u> | <u>\$ 226,684</u> |
| Net earnings attributable to Kirby excluding one-time items* | <u>\$ 174,072¹</u> | <u>\$ 171,408²</u> | <u>\$ 110,690³</u> | <u>\$ 141,406</u> | <u>\$ 226,684</u> |
| Net earnings per share attributable to Kirby (diluted) | <u>\$ 2.37</u> | <u>\$ 1.31</u> | <u>\$ 5.62</u> | <u>\$ 2.62</u> | <u>\$ 4.11</u> |
| Net earnings per share attributable to Kirby, excluding one-time items* (diluted) | <u>\$ 2.90¹</u> | <u>\$ 2.86²</u> | <u>\$ 1.99³</u> | <u>\$ 2.62</u> | <u>\$ 4.11</u> |
| EBITDA:** | | | | | |
| Net earnings attributable to Kirby | \$ 142,347 | \$ 78,452 | \$ 313,187 | \$ 141,406 | \$ 226,684 |
| Interest expense | 55,994 | 46,856 | 21,472 | 17,690 | 18,738 |
| Provision (benefit) for taxes on income | 46,801 | 35,081 | (240,889) | 84,942 | 133,742 |
| Impairment of long-lived assets | — | 82,705 | 105,712 | — | — |
| Impairment of goodwill | — | 2,702 | — | — | — |
| Depreciation and amortization | 219,632 | 224,972 | 202,881 | 200,917 | 192,240 |
| EBITDA** | <u>\$ 464,774</u> | <u>\$ 470,768</u> | <u>\$ 402,363</u> | <u>\$ 444,955</u> | <u>\$ 571,404</u> |
| Property and equipment, net | <u>\$ 3,777,110</u> | <u>\$ 3,539,802</u> | <u>\$ 2,959,265</u> | <u>\$ 2,921,374</u> | <u>\$ 2,778,980</u> |
| Total assets | <u>\$ 6,079,097</u> | <u>\$ 5,871,594</u> | <u>\$ 5,127,427</u> | <u>\$ 4,289,895</u> | <u>\$ 4,140,558</u> |
| Long-term debt, including current portion | <u>\$ 1,369,767</u> | <u>\$ 1,410,188</u> | <u>\$ 992,406</u> | <u>\$ 722,802</u> | <u>\$ 774,849</u> |
| Total equity | <u>\$ 3,371,592</u> | <u>\$ 3,216,301</u> | <u>\$ 3,114,223</u> | <u>\$ 2,412,867</u> | <u>\$ 2,279,196</u> |

* Net earnings attributable to Kirby, excluding one-time items and net earnings per share attributable to Kirby, excluding one-time items, are non-GAAP financial measures which exclude certain one-time items as described in footnotes 1, 2 and 3. 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 Kirby's normal operating results.

** EBITDA, defined as net earnings attributable to Kirby before interest expense, taxes on income, depreciation and amortization, impairment of long-lived assets, and impairment of goodwill is a non-GAAP financial measure used by Kirby because of its wide acceptance as a measure of operating profitability before nonoperating expenses (interest and taxes) and noncash charges (impairment of long-lived assets, impairment of goodwill, depreciation and amortization).

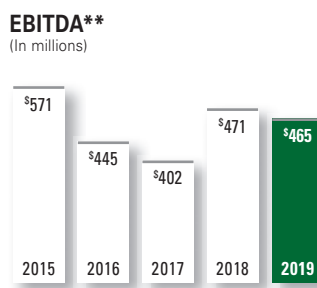
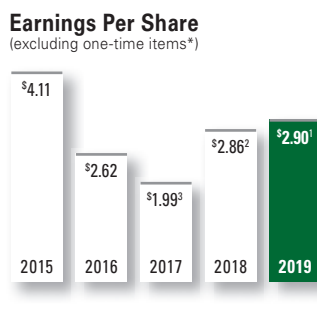
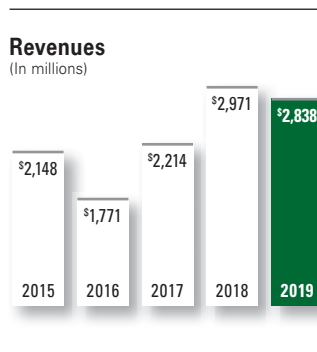
¹ The 2019 year included the following one-time items (after tax): \$28.0 million, or \$0.47 per share, non-cash inventory write-downs; and \$3.7 million, or \$0.06 per share, severance and early retirement expense.

² The 2018 year included the following one-time items (after tax): \$67.2 million, or \$1.12 per share, non-cash impairment of long-lived assets and lease cancellation costs; \$2.1 million, or \$0.04 per share, non-cash impairment of goodwill; \$18.1 million, or \$0.30 per share, expenses related to the retirement of Kirby's Executive Chairman; \$3.0 million, or \$0.05 per share, of non-cash expenses related to an amendment to the employee stock plan; and \$2.5 million, or \$0.04 per share, transaction costs associated with the Higman Marine acquisition.

³ The 2017 year included the following one-time items (after tax): \$269.5 million, or \$4.83 per share, deferred tax revaluation benefit, the result of federal law reform legislation that resulted in the remeasurement of Kirby's U.S. deferred tax assets and liabilities; and \$67.0 million, or \$1.20 per share, non-cash impairment of long-lived assets.

On the cover The *M/V Barataria*, a 3000 horsepower Kirby Inland Marine towboat, transits the Gulf Intracoastal Waterway near Port Bolivar, Texas, at sunset with two 30,000 barrel tank barges and one 10,000 barrel tank barge. Photo credit: Billy Norton

To Our Shareholders



Kirby Corporation (“Kirby” or the “Company”) has a long history of capitalizing on opportunities in challenging times. Since the mid-1980s, we have successfully completed nearly 60 acquisitions, many of which occurred during difficult periods. Recent years brought historic industry downturns in the inland and coastal barge markets, and currently, a significant downturn in our distribution and services’ (“D&S”) oil and gas market. In times like these, we work hard to streamline our operations and reduce costs for the near term, but we also invest in our core businesses with a goal to maximize our earnings potential when markets rebound. This is most evident in our inland marine business which recently emerged from a prolonged four-year downturn. Upon completion of our pending acquisition of Savage Inland Marine, LLC’s (“Savage”) marine transportation assets later in 2020, we will have invested more than \$1 billion of capital in five inland marine acquisitions since the end of 2017. These acquisitions significantly increase our inland barge count by 36% with a corresponding 50% increase in barrel capacity, making Kirby’s fleet younger, more efficient, and better equipped to service our customers than at any point in our history. With the inland market in the early innings of its recovery and additional growth in petrochemical volumes still to come, we believe our actions have significantly enhanced the future earnings power of Kirby which will inevitably lead to improved returns for our shareholders in the years to come.

During 2019, the most significant acquisition occurred in March with the purchase of Cenac Marine Services, LLC’s (“Cenac”) marine transportation fleet for approximately \$244 million. This acquisition occurred at the end of the prolonged four-year inland market downturn referred to above, and the assets were purchased at a significant discount to replacement cost. In total, we acquired 63 well-maintained tank barges with a total capacity of 1.8 million barrels, 34 inland towboats, and two

offshore tugboats. All of these assets are very young, with an average age of five years for the tank barges and seven years for the towboats. Overall, this acquisition added quality equipment and people including excellent mariners and top-notch shore staff.

We also purchased the assets of a small fleet company in Lake Charles, Louisiana. Lake Charles is an area that has experienced significant petrochemical expansion in the last year with more new projects planned in the future. With this acquisition, we have improved our inland fleet capabilities in this critical market, and we will be better able to service our customers’ barge fleet needs throughout our waterway network.

In addition to our acquisitions, we spent \$248 million on capital expenditures, of which 88% related to investments in our marine transportation business, strengthening our fleet and improving our reliability and efficiency. This included \$22 million for new inland towboat construction in conjunction with a 15 towboat replacement program that we started at the end of 2017. During 2019, we took delivery of seven new modern and efficient 2600 horsepower inland towboats, two of which were constructed at our own shipyard near Houston, Texas, which we acquired in late 2017. In our coastal fleet, we spent \$18 million on the construction of three 5000 horsepower ATB tugboats that were delivered in 2019. These tugboats were the final deliveries of a six tugboat replacement program which aligns the age of our tugboat fleet with that of our coastal tank barges. The balance of \$177 million in capital expenditures was used primarily for upgrades to our existing inland and coastal fleets and facilities, as well as \$31 million for modernization of facilities in D&S and information technology projects.

In D&S, a key focus during 2019 was the continued integration of Stewart & Stevenson LLC, which was acquired in September 2017, and included the installation of an enterprise-wide software

system. We are pleased to report this critical initiative is nearing completion and will be fully implemented in the first half of 2020. This implementation will streamline operations and allow our businesses to reduce working capital needs.

In summary, our investments have set the stage for continued growth and improved earnings in the future, and this momentum has continued into 2020. In January, Kirby announced the acquisition of Savage's inland marine transportation fleet for approximately \$278 million in cash. Savage's fleet represents another excellent strategic addition to Kirby's inland fleet, with 90 well-maintained tank barges with an average age of less than ten years and 46 relatively new towboats in a fleet that primarily operates in Kirby's key markets along the Gulf Coast. Savage also has extensive fleet capabilities, as well as a ship bunkering business which includes a significant operation in New Orleans that complements our existing bunkering operations in Texas and Florida.

Beyond marine transportation, Kirby also completed the acquisition of the assets of Convoy Servicing Company ("Convoy") in our D&S commercial and industrial market in January 2020. Convoy is a Thermo King refrigeration system sales, service and parts distributor with operations in North and East Texas and Colorado. This acquisition expands our geographic distribution territory for the Thermo King product line to include a significant presence in Texas, and extends our reach into the Rocky Mountains region. The Convoy acquisition further diversifies the D&S segment and will provide for revenue growth and modest earnings accretion in 2020.

Looking at our financial performance, in 2019, we generated \$2.84 billion in revenues, net earnings of \$142 million, and earnings per share of \$2.37. Excluding one-time items, net earnings were \$174 million, and earnings per share were \$2.90. Earnings per share, excluding one-time items, increased slightly year-on-year as the significant improvement in our marine transportation segment was offset by the impact of reduced profitability in the D&S segment.

In inland marine transportation, we had record revenues as a result of recent inland acquisitions, increased volumes

from new petrochemical capacity coming online along the Gulf Coast, and continued pricing improvements. Strong market dynamics contributed to inland tank barge utilization rates in the low to mid-90% range during the year. The inland market was not without its challenges, however, with record flooding on the Mississippi River and its tributaries for the first eight months of the year, and the closure of the Houston Ship Channel for an extended period following a storage facility fire in late March. While these factors contributed to tight market conditions and strong barge utilization, profitability declined on our contracts of affreightment due to record delay days, and additional towboats were required to be added to the fleet to ensure safe operations. In August, business returned to normal as flood waters receded and weather conditions greatly improved, contributing to inland margins touching 20% in the third quarter. With respect to inland pricing, spot market rates increased in the first half of the year due to tight market conditions. Pricing flattened for the duration of 2019 as a result of favorable summer weather reducing barge utilization rates in the third quarter, as well as lower refinery and chemical plant utilization in the fourth quarter. Term contracts renewed higher in the mid-single digits on average for the full year. During 2019, we increased a net of 50 tank barges in our inland fleet, including the 63 acquired from Cenac, two new chartered tank barges, and eight reactivations. These additions were partially offset by 17 retirements and six dispositions. We ended 2019 with an inland fleet of 1,053 tank barges, representing 23.4 million barrels of capacity, and 299 towboats.

In coastal marine transportation, market fundamentals improved significantly during 2019, resulting in a positive operating income contribution from Kirby's offshore business for the full year. Improving customer demand, coupled with limited new barge construction and a significant number of industry barge retirements, improved our overall barge utilization into the mid-80% range for much of 2019. This improvement also contributed to mid-single digit pricing increases on expiring term contracts in the first three quarters, with rates increasing between 5% and 15% in the fourth quarter. Late in the year, with limited availability of equipment across the

industry and escalating pricing, we saw increased customer demand to term-up several of our coastal tank barges which had been trading in the spot market. In 2019, Kirby retired two aging coastal tank barges and returned two chartered tank barges to their owners with a total combined capacity of 0.4 million barrels. At the end of 2019, we had a fleet of 49 coastal tank barges, representing 4.7 million barrels of capacity, and 47 tugboats.

In D&S, as mentioned earlier, we experienced a challenging oil and gas market as a result of oil price volatility, an oversupply of pressure pumping equipment, and enhanced cash flow discipline by many of the Company's major oilfield customers. In the first half of the year, although oilfield activity levels and new orders for Kirby's products and services declined as compared to the same period in 2018, our business benefited from a significant backlog of orders for new and remanufactured pressure pumping equipment which were completed in the first half of 2019. Customer demand and incremental orders for new and remanufactured pressure pumping equipment declined significantly in the second half of 2019, and sales of new and overhauled transmissions and related parts and service were minimal during the 2019 third and fourth quarters. Under these conditions, we took aggressive actions to reduce costs including a 50% reduction of manufacturing personnel and facility closures and consolidations. While these reductions were difficult, we believe our actions have aligned the segment with near-term activity levels, and our businesses will be better able to grow when the market recovers.

The D&S commercial and industrial market improved in 2019 primarily as a result of significant growth in power generation, as well as continued improvement in our marine repair business. In power generation, there was increased demand for 24/7 standby back-up power equipment in data centers, office buildings, hospitals, and many other commercial facilities. In marine repair, service activity improved, particularly in the inland market as it continued to recover from the prolonged industry downturn, and there were increased sales of new marine engines.

In conjunction with the Cenac acquisition, we expanded our credit facility providing enhanced financial flexibility and liquidity. As part of this amendment, we extended the term of Kirby's \$850 million revolving credit facility to March 2024. We also added a new \$500 million term loan due in March 2024 which, given our strong projected free cash flow, allows for early repayment without penalty. At the end of the year, our total debt was \$1.37 billion which compared to \$1.41 billion at the end of 2018. Our debt-to-capitalization ratio at year-end was 29% compared with 31% at December 31, 2018. During 2019, we generated robust operating cash flow totaling \$512 million which was used to fund \$262 million of marine acquisitions including Cenac, \$248 million of capital expenditures, and more than \$40 million of net debt repayments. In 2020, we expect to generate significant free cash flow which we intend to prioritize towards buying Savage and repayment of debt.

Our outlook for 2020 contemplates modest growth in earnings per share, with additional growth in inland marine transportation being offset by continued headwinds in the oil and gas market in D&S. In inland marine, we anticipate favorable market conditions and robust demand to continue, driven by modest increases in GDP and incremental volumes from new petrochemical projects. These factors are expected to contribute to strong barge utilization in the low to mid-90% range during the year. Together with the anticipated contribution from the Savage acquisition, we expect inland revenues and operating income will grow meaningfully compared to 2019, with inland margins continuing to improve into the high teens for the full year 2020 average.

In the coastal marine market, we expect strong customer demand and tight market conditions throughout the year. These market dynamics should contribute to improved pricing on expiring term contracts and higher barge utilization rates in the mid-to high 80% range. However, our retirement of four coastal barges, three of which are large capacity vessels which would have required uneconomic ballast water treatment systems at their next shipyard dates, as well as anticipated reductions in our coal transportation business will have an impact on 2020. As a result, we anticipate that coastal revenues will be similar to 2019 with modestly positive operating margins.

In the D&S segment, we expect oil and gas activity levels will remain limited in the near term. Although we expect pressure pumping activity levels will increase in 2020, an excess of industry capacity and ongoing customer fleet rationalization initiatives will likely restrain meaningful increases in new manufacturing orders. In our oil and gas distribution business, we anticipate improved service levels and incremental sales of new equipment and parts relative to the end of 2019, but the strength and timing of the recovery is uncertain. In our commercial and industrial markets, we anticipate solid growth with the most significant increases in the on-highway business, driven in part by the contribution from our recent Convoy acquisition.

In summary, 2020 will likely present some challenges in D&S, but continued opportunity for growth in marine transportation. Although the oilfield is expected to remain a headwind, we are confident that pent-up demand from a lack of maintenance on existing working fleets is growing, and a recovery is inevitable. We have taken the necessary actions to reduce costs and right-size our D&S operations, and our recent investments with the Convoy acquisition and other efforts to grow our commercial and industrial business internally will provide additional diversity, stability, and earnings for the segment in 2020 and beyond. In marine transportation, we are well-positioned for continued growth and margin improvement in inland with strong market conditions in the foreseeable future and the benefits of the announced Savage inland marine acquisition. In coastal, the market and our barge utilization have improved significantly. Industry capacity is expected to remain tight in the coming years, and although our four barge retirements in 2020 will impact our near-term financial performance, we expect improving returns for this business in the coming years.

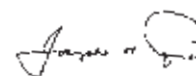
Before we close, we'd like to take a moment to highlight some of our recent actions around environmental, social and governance ("ESG"). Kirby has a long history of promoting ESG in our corporate culture, investing in new equipment and technologies that support our environmental stewardship initiatives, and emphasizing our high safety standards. During 2019, we took concrete steps to improve our ESG reporting, including new

disclosures on safety and social programs. Additionally, we expanded the oversight of our sustainability program to include the Board of Directors. We also added dedicated employee resources to further enhance our disclosures and to improve our engagement with stakeholders on ESG efforts. In 2020, our key focus areas will be to provide disclosures on our greenhouse gas emissions, as well as working to align our ESG disclosures with the Sustainability Accounting Standards Board framework and the Task Force on Climate-Related Disclosures.

On a final note, we want to express our gratitude to the Board of Directors for their thoughtful guidance and support during 2019. We'd also like to welcome Tanya S. Beder as the newest member of the Board. Ms. Beder has a wealth of professional, financial, and academic experience, but most importantly she brings extensive knowledge of operational and risk management and data analytics that will be invaluable to Kirby for years to come.

To our employees, your dedication and passion for our Company is appreciated. Last year presented many challenges, including historic flooding conditions, a significant acquisition, and deteriorating oil and gas markets which you dealt with without sacrificing your commitment to safety and world-class customer service. To our customers, thank you for your confidence in our products and services; and to our shareholders, we appreciate your continued support. Together, we have a very bright future ahead.

Respectfully submitted,



Joseph H. Pyne
Chairman of the Board



David W. Grzebinski
President and Chief Executive Officer

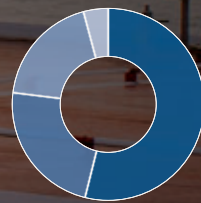




MARINE TRANSPORTATION

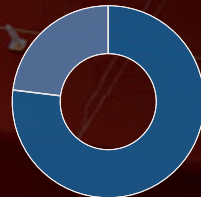
In the marine transportation segment, Kirby operates through its wholly owned subsidiaries, Kirby Inland Marine and Kirby Offshore Marine, and is the United States' largest tank barge company with operations across the country, including Alaska and Hawaii. Kirby primarily services large petrochemical and refining companies in the United States, moving petrochemicals, black oil, refined products, and agricultural chemicals along the coastlines and an extensive 12,000-mile inland waterway system of commercially navigable and interconnected rivers, canals and intracoastal waterways. All of Kirby's tank barges and towing vessels operate under the United States flag and are qualified to trade under the Jones Act.

In 2019, marine transportation revenues were \$1.59 billion, an increase of 7% compared to 2018. Operating income was \$215.8 million with an operating margin of 13.6%. This compares to operating income of \$147.4 million and an operating margin of 9.9% in 2018. Higher revenues and operating income reflected improvements in both the inland and coastal markets. At the end of 2019, Kirby's marine transportation businesses had approximately 3,350 employees of which approximately 2,650 were vessel crew members.



By Product (revenue)

- 54% Petrochemicals
- 23% Black oil
- 19% Refined products
- 4% Agricultural chemicals



By Market (revenue)

- 77% Inland
- 23% Coastal

The *M/V Cottle*, a 2600 horsepower Kirby Inland Marine towboat, transits the San Jacinto River near the Houston Ship Channel with two 30,000-barrel tank barges loaded with petrochemicals. The *M/V Cottle* was completed in 2019 and is one of the newest towboats in Kirby's inland fleet.

INLAND

Kirby Inland Marine is the largest operator in the United States inland tank barge industry, which is a combination of approximately 30 companies, including: large integrated transportation companies; independent small operators; and captive fleets owned by United States refining and petrochemical companies. The nation's inland tank barge fleet consists of approximately 3,850 inland tank barges, of which Kirby Inland Marine operated 1,053, or approximately 27% as of December 31, 2019. Kirby Inland Marine transports petrochemicals, black oil, refined petroleum products and agricultural chemicals throughout the Mississippi River System, Gulf Intracoastal Waterway and Houston Ship Channel. In March 2019, Kirby Inland Marine continued to expand through its acquisition of Cenac Marine Services, LLC's ("Cenac") marine transportation fleet for approximately \$244 million, including 63 inland tank barges representing 1.8 million barrels of capacity, 34 inland towboats, and two offshore tugboats.

In 2019, year-on-year revenue and operating income improvements in the inland market were driven by increased volumes and demand, enhanced spot and term contract pricing, and the acquisition of Cenac's fleet.

INLAND TANK BARGE FLEET

| | |
|----------------------------------|---------------|
| Petrochemicals/ Refined Products | 828 |
| Black Oil | 145 |
| Pressure | 70 |
| Anhydrous Ammonia | 10 |
| Total | 1,053 |
| Total Barrel Capacity | 23.4MM |

INLAND TOWBOAT FLEET

| | |
|---------------------|------------|
| 800 - 1300 HP | 47 |
| 1400 - 1900 HP | 49 |
| 2000 - 2400 HP | 158 |
| 2500 - 3200 HP | 28 |
| 3300 - 4800 HP | 14 |
| 5000 HP and Greater | 3 |
| Total | 299 |

The *M/V Mark Shell*, a 3200 horsepower Kirby Inland Marine towboat, transits the Ohio River in West Virginia pushing two 30,000-barrel tank barges which were later loaded with natural gas condensate for transport to Gulf Coast refineries.

Photo credit: Billy Norton



COASTAL

Kirby Offshore Marine serves the coastal tank barge industry, which consists of approximately 20 large integrated transportation companies and small operators. The nation's coastal tank barge fleet in the 195,000 barrels or less category consists of approximately 280 barges with 21.0 million barrels of capacity. Kirby Offshore Marine is the nation's largest coastal tank barge operator by capacity, with a fleet consisting of 49 coastal tank barges with 4.7 million barrels of capacity as of December 31, 2019. Kirby Offshore Marine transports refined petroleum products, black oil and petrochemicals primarily along the Atlantic, Pacific and Gulf Coasts and in Alaska, Hawaii, and the Great Lakes. The fleet also includes two offshore dry-bulk barge and tugboat units which transport raw sugar from Florida to the East Coast. Additionally, Kirby Ocean Transport carries coal across the Gulf of Mexico to a power generation facility in Florida with two offshore dry-bulk barge and tugboat units.

In 2019, year-on-year revenue and operating income improvements in the coastal market were primarily due to higher utilization levels in the low to mid-80% range and increased term and spot market pricing.

COASTAL TANK BARGE FLEET

| | |
|----------------------------------|--------------|
| Petrochemicals/ Refined Products | 33 |
| Black Oil | 16 |
| Total | 49 |
| Total Barrel Capacity | 4.7MM |

COASTAL TUGBOAT FLEET

| | |
|---------------------|-----------|
| 1000- 1900 HP | 4 |
| 2000- 2900 HP | 1 |
| 3000- 3900 HP | 7 |
| 4000- 4900 HP | 11 |
| 5000- 6900 HP | 14 |
| 7000 HP and Greater | 10 |
| Total | 47 |

OFFSHORE DRY-BULK BARGE AND TUGBOAT UNITS

4

The Kirby 155-03, Kirby Offshore Marine's newest 155,000-barrel coastal tank barge, with the *M/V Ronnie Murph*, an 8000 horsepower tugboat, loads petrochemicals near Mobile, Alabama. This articulated tank barge ("ATB") unit is the newest coastal ATB in Kirby's fleet and was placed in service in early 2019. Photo credit: Shane Rice

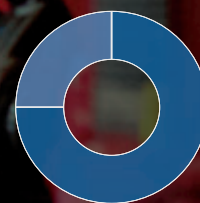




DISTRIBUTION & SERVICES

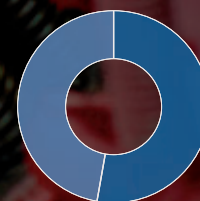
In the distribution and services segment, Kirby Corporation operates through its wholly owned subsidiaries Stewart & Stevenson ("S&S"), United Holdings ("United"), and Kirby Engine Systems ("KES") and is a nationwide service provider and distributor of engines, transmissions, parts, industrial equipment, and oilfield services equipment. Kirby's distribution and services businesses operate in two distinct and diversified markets: oil and gas and commercial and industrial.

In 2019, distribution and services revenues were \$1.25 billion, a decrease of 16% compared to 2018. Operating income was \$67.2 million with an operating margin of 5.4% including \$3.3 million of one-time severance and early retirement charges. This compares to operating income of \$129.3 million and an operating margin of 8.7% in 2018. Lower revenues and operating income were primarily related to reduced activity and pressure pumping equipment sales in the oil and gas market, partially offset by growth in power generation and commercial marine in the commercial and industrial market. At the end of 2019, Kirby's distribution and services businesses had approximately 2,200 employees.



By Group (revenue)

- 75% Distribution
- 25% Manufacturing



By Market (revenue)

- 53% Oil and Gas
- 47% Commercial and Industrial

A factory authorized diesel technician removes a valve cover on an MTU T95 engine used in hydraulic fracturing applications.

OIL & GAS

In oil and gas, Kirby goes to market through the S&S and United brands and is a key supplier for major large and mid-cap oilfield service companies, operators, and producers in the United States. In this market, Kirby is a distributor and service provider for diesel engines and transmissions, as well as a supplier of OEM replacement parts. Through its manufacturing groups, Kirby is an industry leader in the construction of new oilfield equipment, including pressure pumping units, cementers, blenders, and other equipment, both for North American and international markets. Kirby's manufacturing group also specializes in the remanufacture and service of existing pressure pumping equipment. Kirby's key distributor relationships in the oil and gas market include Allison Transmission, MTU, and DEUTZ.

In 2019, revenue and operating income in the oil and gas market declined year-on-year due to a significant reduction in oilfield activity and equipment and maintenance spending by key customers in the United States. This resulted in reduced orders and deliveries of new and remanufactured pressure pumping units, as well as lower demand for new and overhauled transmissions and related parts.



Above Manufactured for CUDD Energy Services, the Stewart & Stevenson FT-3001Q is the world's first Tier 4 Final emissions compliant diesel-powered 3,000 bhp fracturing unit.

Below A factory-certified technician installs main bearings on an MTU 12V400 diesel engine used in pressure pumping applications.



COMMERCIAL & INDUSTRIAL

In the commercial and industrial market, Kirby supports domestic and international customers through the distribution and service of medium-speed and high-speed diesel engines and ancillary equipment used primarily in marine, power generation, and on-highway applications. Kirby also sells and rents back-up power generation systems and railcar movers, and rents high-capacity lift trucks and industrial compressors. In this market, Kirby operates under the S&S and United brands, as well as through two subsidiaries of KES: Marine Systems, Inc. ("MSI") and Engine Systems, Inc. ("ESI").

In 2019, revenue and operating income in the commercial and industrial market improved year-on-year due to higher demand for power generation equipment, as well as growth in the marine and on-highway sectors.



Houston-based technicians at Stewart & Stevenson's 24-bay truck shop service a wide range of commercial vehicles, from 18-wheelers and fire apparatus to transit and tour buses and more.



MARINE

In marine, Kirby operates under the MSI, ESI and S&S brands, and is a major service and OEM replacement parts provider for diesel engines and ancillary products, such as reduction gears and transmissions, with service centers across the United States. Kirby also sells new diesel engines. Kirby's marine engine businesses participate in many sectors of the marine vessel industry, including inland towboats and offshore tugboats, oilfield supply vessels, U.S. Coast Guard vessels, fishing vessels, harbor docking equipment, ferries, and luxury yachts. Marine distributorships include EMD Power Products ("EMD") throughout the United States, as well as MTU, Volvo Penta, and Alfa Laval in various locations. Kirby also operates factory-authorized dealerships for Caterpillar, Cummins, and John Deere commercial marine diesel engines.

A Marine Systems, Inc. technician tightens the head cover on a 900 horsepower Caterpillar generator used in marine applications.



POWER GENERATION

In power generation, Kirby operates under the S&S, United, and ESI brands and primarily sells pre-packaged and fabricated back-up power systems for emergency, standby and auxiliary power for nuclear, commercial, and industrial applications, as well as rents generator systems. Kirby serves as the exclusive worldwide distributor for EMD, Nordberg, Woodward, and Baker Hughes to the nuclear industry. It is also a distributor for MTU in commercial back-up power applications. Power generation customers include the worldwide nuclear power industry, domestic utilities, municipalities, universities, medical facilities, data centers, petrochemical plants, manufacturing facilities, retail stores, and office complexes.

Installed and commissioned by United Engines, two MTU Onsite Energy 6R1600 DS250 engines ensure continuous power to a nearby data center from within this EF5 tornado proof bunker.



ON-HIGHWAY

In on-highway, Kirby operates under the S&S and United brands and distributes, sells parts, and services diesel engines and transmissions for trucking companies, commercial truck fleets, municipalities, and oil and gas operators in the United States, as well as mining companies in Colombia. Kirby's distributorships include Allison Transmission, and diesel engines and parts for MTU, Detroit Diesel, Volvo Penta, Isuzu, and DEUTZ. Additionally, Kirby is the distributor for Thermo-King refrigeration systems for key markets in Texas and Colorado.

A United Engines technician troubleshoots the wiring harness of a Detroit DD13 engine in a Class 8 commercial truck.

BOARD OF DIRECTORS

Anne-Marie N. Ainsworth¹
Retired President and CEO
of the general partner of
Oiltanking Partners, L.P. and of
Oiltanking Holding Americas, Inc.
Director since 2015

Richard J. Alario^{1,3}
Interim CEO of NOW Inc.
Retired CEO of Key Energy
Services, Inc.
Director since 2011

Tanya S. Beder
Chairman and CEO of
SBCC Group, Inc.
Director since 2019

Barry E. Davis^{1,2}
Chairman and Chief Executive
Officer of EnLink Midstream
GP, LLC and EnLink Midstream
Manager, LLC
Director since 2015

C. Sean Day^{2,3}
Retired Chairman Emeritus
of Teekay Corporation
Director since 1996

David W. Grzebinski
President and Chief Executive
Officer of Kirby
Director since 2014

Monte J. Miller^{2,3}
Retired Executive Vice President,
Chemicals, of Flint Hills
Resources, LP
Director since 2006

Joseph H. Pyne
Chairman of the Board of Kirby
Director since 1988

Richard R. Stewart¹
Retired President and CEO
of GE Aero Energy
Director since 2008

William M. Waterman³
Retired President and CEO
of Penn Maritime Inc.
Director since 2012

¹ Audit Committee

² Compensation Committee

³ Governance Committee

OFFICERS

KIRBY CORPORATION

David W. Grzebinski
President and Chief Executive Officer

William G. Harvey
Executive Vice President
and Chief Financial Officer

Christian G. O'Neil
President – Marine Transportation

Joseph H. Reniers
President – Kirby Distribution
& Services, Inc.

Kim B. Clarke
Vice President and Chief Human
Resources Officer

Ronald A. Dragg
Vice President, Controller and
Assistant Secretary

Eric S. Holcomb
Vice President – Investor Relations

Amy D. Husted
Vice President, General
Counsel and Secretary

Scott P. Miller
Vice President and Chief
Information Officer

Kurt A. Niemietz
Vice President and Treasurer

William Matthew Woodruff
Vice President – Public and
Governmental Affairs

MARINE TRANSPORTATION

Kirby Inland Marine, LP

Christian G. O'Neil
President

James C. Guidry
Executive Vice President –
Vessel Operations

John W. Sansing, Jr.
Senior Vice President – Maintenance

Todd M. Behlke
Vice President – Operations

Stephen C. Butts
Vice President – Sales

Renato A. Castro
Vice President and Controller

Craig T. Foret
Vice President – Logistics Management

Gordon A. Keenan
Vice President – Training

Patrick C. Kelly
Vice President – Sales

Lyle D. Marshall
Vice President – Sales

Richard C. Northcutt
Vice President – Sales and
Horsepower Management

Cliff R. Stanich
Vice President – Sales

Cecil K. Wattigney
Vice President – Sales

Thomas H. Whitehead
Vice President – Sales

Kirby Offshore Marine, LLC

Christian G. O'Neil
President

James C. Guidry
Executive Vice President –
Vessel Operations

John T. Hallmark
Executive Vice President –
Sales and Strategy

Craig N. Tornga
Senior Vice President –
Operations

William M. Withers
Senior Vice President – Sales

Renato A. Castro
Vice President and Controller

Kirby Ocean Transport Company

Christian G. O'Neil
President

John T. Hallmark
Executive Vice President –
Sales and Strategy

William M. Withers
Vice President

San Jac Marine, LLC

Christian G. O'Neil
President

Mitchell S. Jones
Vice President

Osprey Line, LLC

John T. Hallmark
President

DISTRIBUTION & SERVICES

Kirby Distribution & Services Inc.

Joseph H. Reniers
President

Mia C. Cradeur
Vice President and Controller

Kimberly A. Richard
Vice President – Marketing
and Strategy

Kirby Engine Systems, LLC

Dorman Lynn Strahan
President

Engine Systems, Inc.

P. Scott Mangan
Vice President – East Coast

Marine Systems, Inc.

Thomas W. Bottoms
Vice President – Midwest

United Engines, LLC

Ronnie E. Stover
Executive Vice President – Sales

Joshua C. Weed
Executive Vice President –
Distribution Operations

Troy A. Bourgeois
Vice President – Oil and Gas Sales

David L. Tonne
Vice President – Service Operations

UE Manufacturing LLC

Ronnie E. Stover
Executive Vice President – Sales

Gregory L. Culp
Senior Vice President –
Engineered Products

Brent M. Finley
Vice President – Engineered
Products

Gregory K. Terrell
Vice President – Purchasing,
Planning and Materials

Thermo King of Houston, LLC

Jason K. Robison
Vice President

Thermo King of Dallas, LLC

David E. Knowlton
Vice President

James A. Marino
Vice President

Stewart & Stevenson LLC

Jack L. Pieper
Vice President and Controller

Stewart & Stevenson Power Products LLC

Donald F. Mann
President – ADDA and FDDA

Joshua C. Weed
Executive Vice President –
Distribution Operations

Andrew W. Hudson
Senior Vice President – Rental
Operations

Troy A. Bourgeois
Vice President – Oil and Gas Sales

David L. Tonne
Vice President – Service Operations

Stewart & Stevenson Manufacturing Technologies LLC

Ronnie E. Stover
Executive Vice President – Sales

Gregory L. Culp
Senior Vice President – Manufacturing

Chad T. Joost
Senior Vice President –
Sales and Marketing

Scott A. Micheletti
Vice President – Operations

Stewart & Stevenson de las Americas Colombia, Ltda

Rafael H. Garcia
President – Latin America

SHAREHOLDER INFORMATION

ANNUAL MEETING

The 2020 Annual Meeting of Stockholders will be held at Kirby's Houston office, 55 Waugh Drive, 11th floor, Houston, Texas 77007 at 10:00 a.m. (CDT), Tuesday, April 28, 2020.

CORPORATE HEADQUARTERS

Executive Office:
55 Waugh Drive, Suite 1000
Houston, Texas 77007
Telephone: 713-435-1000
Fax: 713-435-1010
Website: www.kirbycorp.com

Mailing Address:

P.O. Box 1745
Houston, Texas 77251-1745

WEBSITE

For more investor information, as well as information about Kirby, visit Kirby's website at www.kirbycorp.com.

INDEPENDENT REGISTERED ACCOUNTANTS

KPMG LLP
BG Group Place
811 Main Street, Suite 4500
Houston, Texas 77002

COMMON STOCK MARKET PRICE

| | Sales Price | |
|--|-------------|----------|
| | High | Low |
| 2020 | | |
| First Quarter (through March 2, 2020) | \$ 92.30 | \$ 62.25 |
| 2019 | | |
| First Quarter | \$ 79.02 | \$ 65.24 |
| Second Quarter | \$ 86.44 | \$ 74.55 |
| Third Quarter | \$ 84.98 | \$ 69.71 |
| Fourth Quarter | \$ 90.08 | \$ 76.62 |
| 2018 | | |
| First Quarter | \$ 80.90 | \$ 66.80 |
| Second Quarter | \$ 94.05 | \$ 76.20 |
| Third Quarter | \$ 88.80 | \$ 75.70 |
| Fourth Quarter | \$ 86.12 | \$ 60.63 |

INQUIRIES REGARDING STOCK HOLDINGS

Registered shareholders (shares held in owner's name) should address communications concerning address changes, lost certificates, and stock transfers to:

Proxy Services
C/O Computershare Investor Services
P.O. Box 505008
Louisville, Kentucky 40233-9814
Toll Free Telephone: 877-373-6374
Website: www.computershare.com

Beneficial shareholders (shares held in the name of banks or brokers) should address communications to their banks or stockbrokers.

All other inquiries should be addressed to Eric Holcomb, VP – Investor Relations, at Kirby's corporate headquarters.

COMMON STOCK INFORMATION

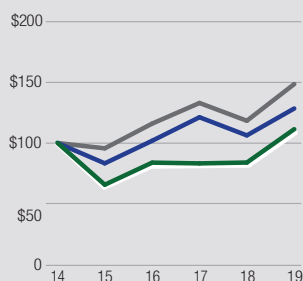
Stock trading symbol—KEX
The New York Stock Exchange is the principal market for Kirby's common stock. As of March 2, 2020, there were 59,997,000 common shares outstanding held by approximately 570 registered shareholders. The number of registered shareholders does not reflect the number of beneficial owners of common stock.

FINANCIAL AND INVESTOR RELATIONS

Copies of Kirby's Form 10-K (which is incorporated in this Annual Report) are available free of charge. Either contact Eric Holcomb, VP – Investor Relations, at Kirby's corporate headquarters, e-mail investor.relations@kirbycorp.com, or visit Kirby's website at www.kirbycorp.com.

COMPARISON OF 5-YEAR CUMULATIVE TOTAL RETURN

The graph below matches Kirby Corporation's cumulative 5-Year total shareholder return on common stock with the cumulative total returns of the Russell 2000 index, the Dow Jones US Transportation Average index, and the Dow Jones US Marine Transportation index. The graph tracks the performance of a \$100 investment in our common stock and in each index (with the reinvestment of all dividends) from 12/31/2014 to 12/31/2019.



| | 12/14 | 12/15 | 12/16 | 12/17 | 12/18 | 12/19 |
|-------------------------------------|--------|-------|--------|--------|--------|--------|
| Kirby Corporation | 100.00 | 65.17 | 82.36 | 82.73 | 83.43 | 110.89 |
| Russell 2000 | 100.00 | 95.59 | 115.95 | 132.94 | 118.30 | 148.49 |
| Dow Jones US Transportation Average | 100.00 | 83.24 | 101.83 | 121.19 | 106.26 | 128.39 |
| Dow Jones US Marine Transportation | 100.00 | 65.17 | 82.36 | 82.73 | 83.43 | 110.89 |

■ Kirby Corporation ■ Russell 2000 ■ Dow Jones US Marine Transportation
■ Dow Jones US Transportation Average

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

Kirby Corporation

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