

# Opening Remarks

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Analyst Day 2018

David Grzebinski - President & CEO



# Cautionary Statement

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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.



# Kirby Overview

## Marine Transportation

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

- 36 successful acquisitions
- 1,009 inland tank barges and 302 towboats
  - 27% market share (barges)
- 55 coastal tank barges and 53 tugboats
  - 25% market share (capacity)

**60% of 2017 Revenue**  
or \$1.3 billion



## Distribution and Services

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

- 19 successful acquisitions
- Manufacturer, remanufacturer and service provider of oilfield service equipment
- Provider of rental equipment including generators, material-handling equipment, pumps, and compressors for use in a variety of industrial markets

**40% of 2017 Revenue**  
or \$0.9 billion

# The Kirby Difference

- Market leader and consolidator in both segments
  - Geographic scale
  - Breadth and efficiency
  - Full service offering
  - Experienced management teams
- Intense focus on operational excellence
  - Safety is our franchise
  - Certified training programs
  - Proven integration strategy
  - Customer relationships
- Return on invested capital at the core of our strategy
  - Strong balance sheet
  - Maximize cash flow through the cycle
  - Disciplined asset allocation
  - Counter cyclical investments



We are critical to our customers' supply chains

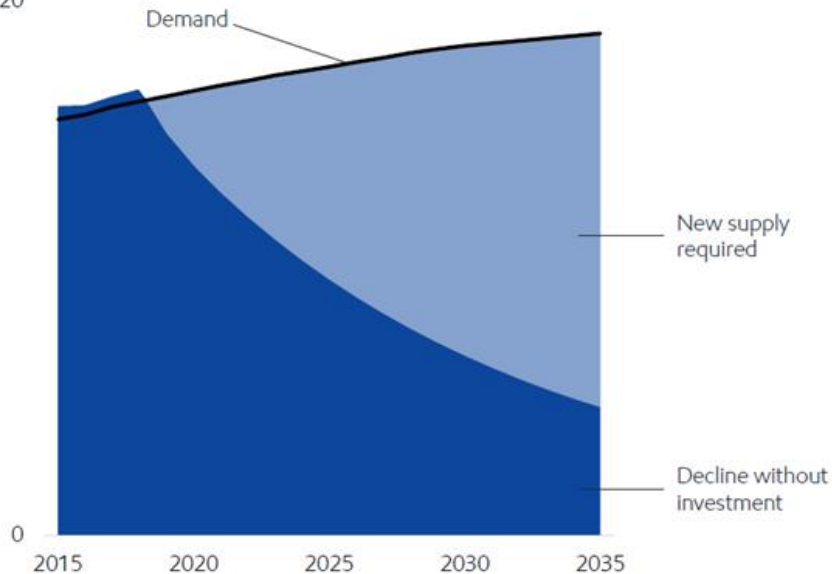
# Macro Environment a Tailwind to Kirby

KEY: **MACRO TRENDS** / Kirby **advantages**



# World Oil Supply and Demand

Liquid supply / demand<sup>1</sup>  
MOEBD  
120



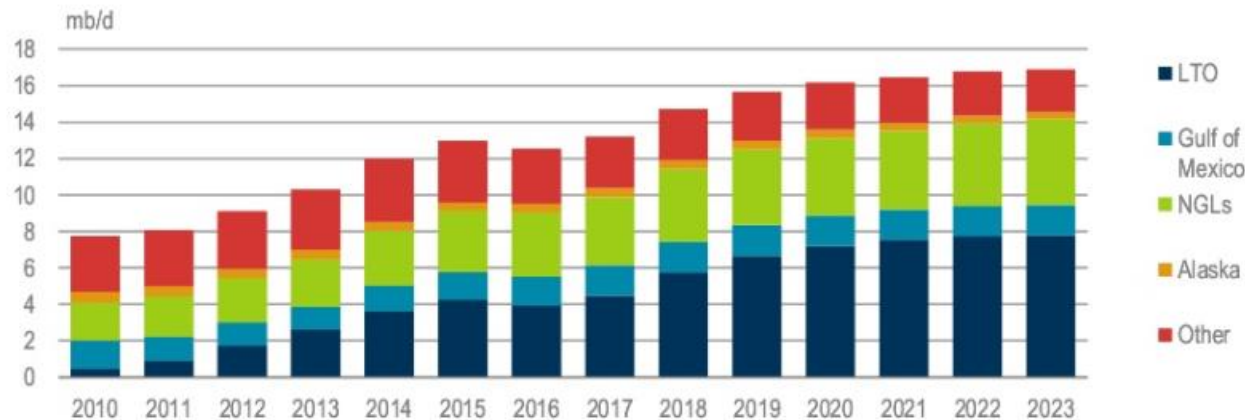
Source: ExxonMobil

<sup>1</sup> Excludes biofuels, includes estimated spare capacity

- Robust global oil demand growth predicted
  - GDP growth 2 to 4% annually globally
  - Petrochemical feedstock demand increasing
  - Technology could slow demand growth
- Global oil supply / demand imbalance beyond 2020 without new investment
  - Upstream spending down ~40% since 2014
  - Long-term projects underinvested
  - Conventional fields declining more than 3 mb/d
  - US shale expected to compensate for shortfall

# “Swing Producer” to “Baseload Supplier”

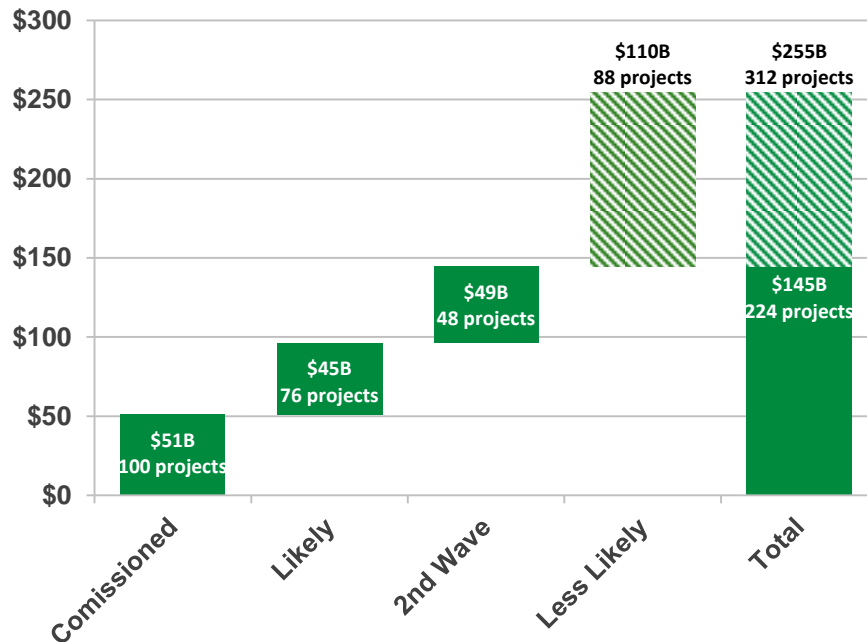
- US poised to become a major global supplier of world oil
  - US daily supply could grow up to 17 mb/d by 2023
  - Major operators focusing investments in North America
  - US contribution more than Brazil, Canada, Iraq, Iran, and Norway combined
- US shale production output growth in excess of 75%
  - Growth opportunity for Distribution & Services products and services
  - Significant investment in fracturing equipment will be required
  - Opportunity set expands for distribution business
- Significant growth in amount of liquids moving in the U.S.
  - Growth opportunity for Marine Transportation businesses



Source: IEA

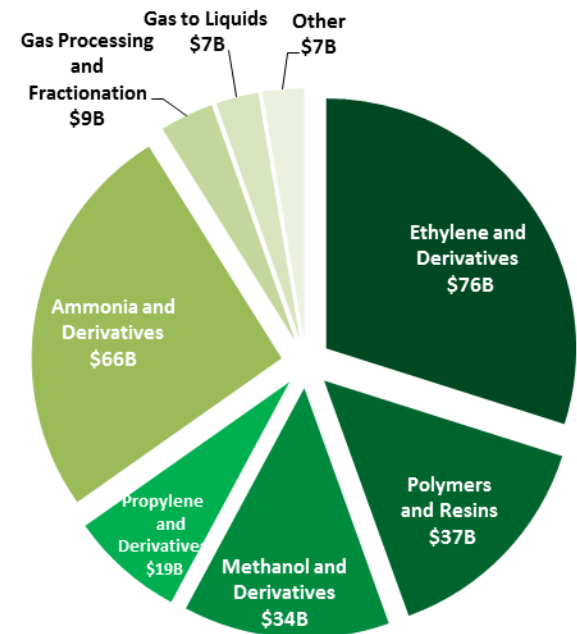
# Petrochemical Feedstock Demand is Rising

- Significant Petrochemical Build-out
  - Global feedstock demand for crackers grows 1.4 mb/d through 2023
  - ~40% of world feedstock growth requirements for crackers in the U.S.
  - ~80% of new petrochemical capacity is being added in Texas and Louisiana



Source: IEA, PLG Consulting

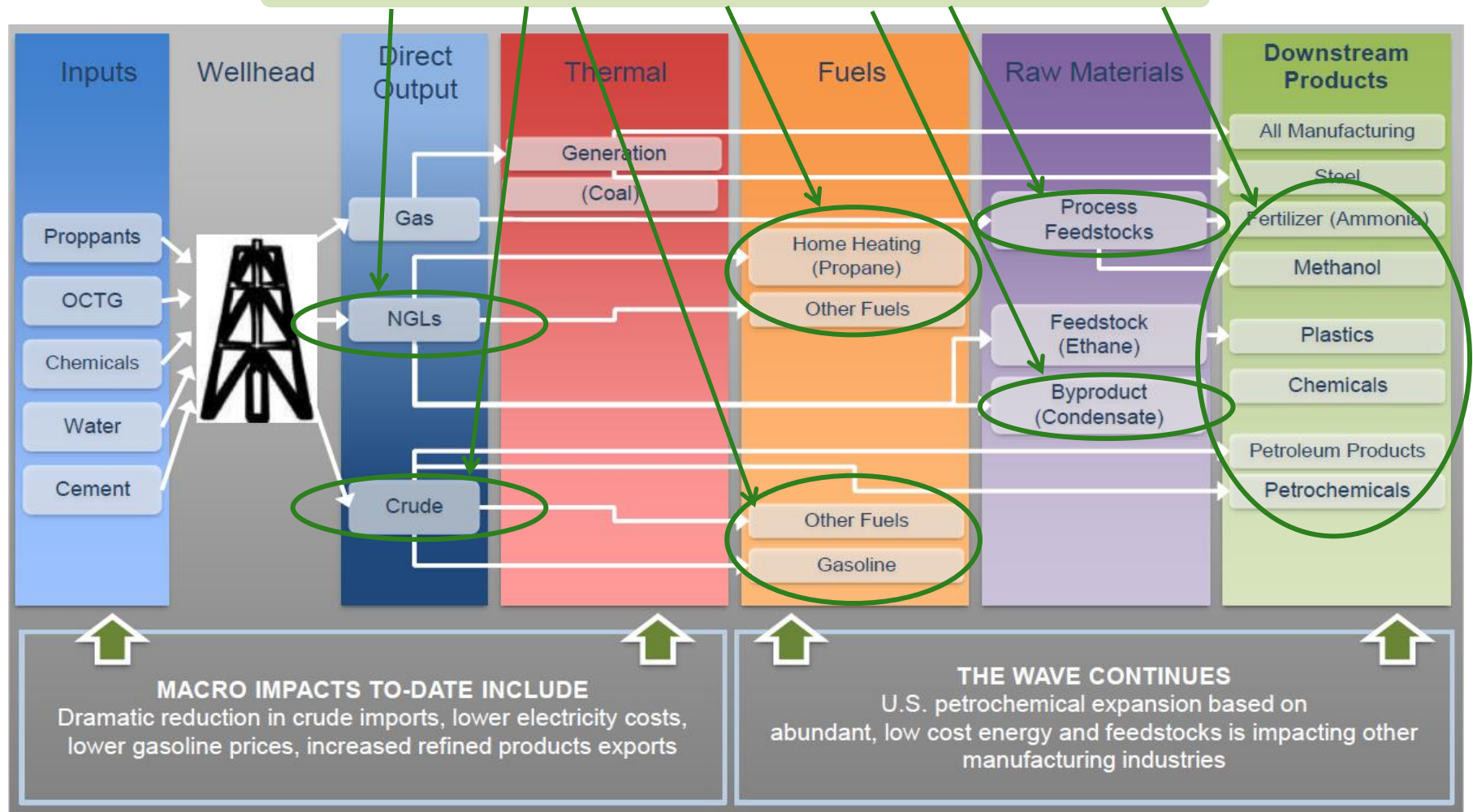
## GROWTH OPPORTUNITIES FOR MARINE TRANSPORTATION





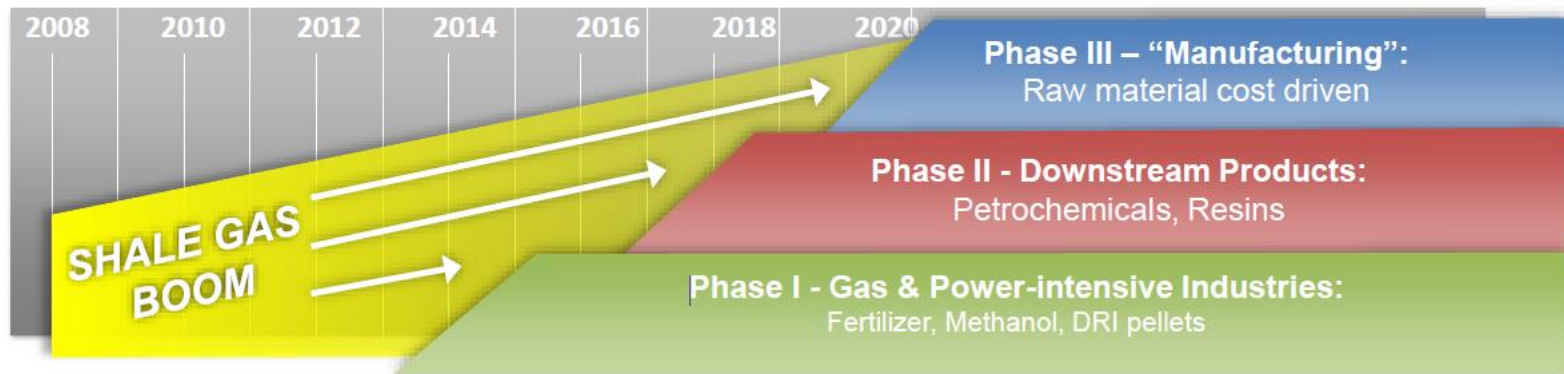
# Shale Revolution Has Impacted Markets, Logistics and U.S. Economy

## OPPORTUNITIES FOR MARINE TRANSPORTATION



Source: PLG Consulting

# Shale Gas Phased Impact to U.S. Industrial Renaissance



- Phase I – Industries using natural gas as primary feedstock have global cost competitiveness; new US factories built or in progress
- Phase II – Downstream products require significant processing facilities investment and lead time – in the middle of the first phase of the build-out
- Phase III – U.S. material cost advantage will enable traditional manufacturing to return to North America as about 65% of the cost of manufactured product is material cost and the U.S. has a very efficient workforce

**OPPORTUNITIES FOR MARINE AND DISTRIBUTION & SERVICES**

**OPPORTUNITIES FOR MARINE**

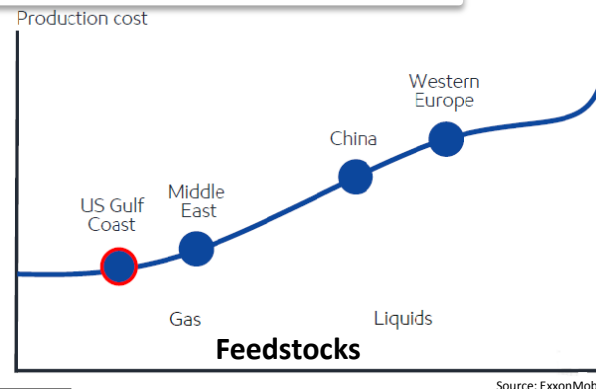
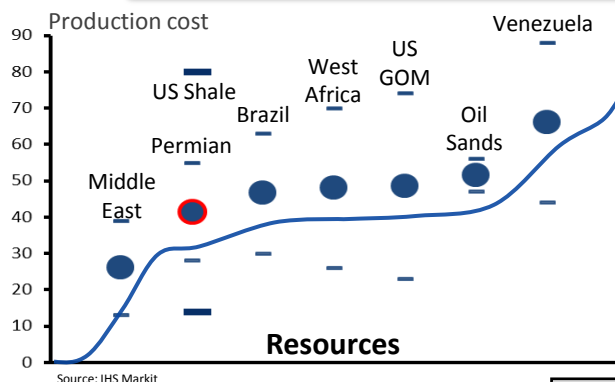
**OPPORTUNITIES FOR DISTRIBUTION & SERVICES**

Source: PLG Consulting

# The Mega Trend

MARINE TRANSPORTATION and DISTRIBUTION & SERVICES

## Low Cost Resources & Feedstocks



DISTRIBUTION & SERVICES

GROWTH

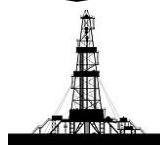
MARINE TRANSPORTATION



INDUSTRIAL



EQUIPMENT



OIL FIELD



PETROCHEMICALS



REFINERS

DOMESTIC

EXPORT

Globally Competitive Products

- Virtuous growth cycle to benefit Kirby

