

# 1Q 2024

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Earnings Conference Call

April 25, 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.



# 1Q 2024 Overview

## Financial Summary

\$ millions except earnings (loss) per share	1Q 2024	1Q 2023	Variance	%	4Q 2023	Variance	%
Revenues	\$ 808.0	\$ 750.4	\$ 57.6	8%	\$ 799.2	\$ 8.8	1%
Operating income	101.5	61.5	40.0	65%	92.8	8.7	9%
Net earnings attributable to Kirby	70.1	40.7	29.4	72%	61.9	8.2	13%
Earnings per share	1.19	0.68	0.51	75%	1.04	0.15	14%
<b>Excluding one-time items:</b>							
Operating income <sup>1</sup>	101.5	64.5	37.0	57%	92.8	8.7	9%
Net earnings attributable to Kirby <sup>1</sup>	70.1	40.9	29.2	71%	61.9	8.2	13%
Earnings per share <sup>1</sup>	1.19	0.68	0.51	75%	1.04	0.15	14%

- Results reflected steady market fundamentals in marine transportation and distribution and services
- Challenged by poor weather conditions, lock delays on the Mississippi River, and continued supply chain constraints
- Continued to repurchase stock with \$42 million of repurchases

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](http://www.kirbycorp.com) in the Investor Relations section under Financials.

<sup>1</sup> 2023 Q1 operating income, net earnings attributable to Kirby, and earnings per share exclude \$3.0 million before-tax, \$2.4 million after-tax, or \$0.04 per share of one-time charges associated with strategic review and shareholder engagement. Net earnings attributable to Kirby, and earnings per share exclude \$2.7 million before-tax, \$2.2 million after-tax, or \$0.04 per share of one-time income associated with IRS refund interest



# Marine Transportation – 1Q Overview

## Strong market conditions, but modestly impacted by delay days

### Inland

- Continuous pricing improvements
  - Spot market rates increased low to mid-single digits sequentially and approximately 15% year-over-year
  - Term contracts renewed higher low double digits year-over-year
- Delays due to weather and locks impacted 1Q operations, 22% increase in delay days sequentially
- Steady customer demand with barge utilization in low to mid-90% range
- 1Q operating margins in the high-teens, improved slightly over last quarter, despite difficult operating conditions



### Coastal

- Favorable market conditions with solid customer demand and limited availability of vessels
- Barge utilization in the mid to high-90% range
- Continued price increases contributed to high single to low double-digit range operating margins

# Distribution & Services – 1Q Overview

## Stable demand with continued new orders and high levels of backlog

### Power Generation

- Several large project wins in data center market
- 50% year-on-year growth with operating margins in the high single digits

### Oil and Gas

- Softness in conventional frac market due to volatility in commodity prices and lower rig count
- Executing on strong backlog and new orders of e-frac equipment

### Commercial and Industrial

- Steady demand in marine repair offset by softness in on-highway
- Supply chain delays impacted Thermo King product sales



# Marine Transportation

## 1Q 2024 Financial Summary

\$ millions	1Q 2024	1Q 2023	Variance	%	4Q 2023	Variance	%
Revenue	\$ 475.4	\$ 412.5	\$ 62.9	15%	\$ 452.6	\$ 22.8	5%
Operating income	83.0	43.0	40.0	93%	68.2	14.8	22%
Operating margin	17.5%	10.4%	7.1%		15.1%	2.4%	

	Inland		Coastal	
	Y/Y %	Q/Q %	Y/Y %	Q/Q %
Term increase	9%-12%		19%-21%	
Spot increase	14%-17%	2-5%	30%-32%	5-8%

- Inland**

- Contributed 81% of marine transportation revenues with average barge utilization in the low to mid-90% range
- Term contracts represented ~65% of revenue with ~62% attributed to time charters
- Operating margin in the high teens, an improvement from low 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 ~96% of revenue with ~98% attributed to time charters
- Operating margin in the high single to low double-digit range, an improvement from negative low single digits a year ago

# Barge Construction and Retirements

## 1Q 2024 Update and FY 2024 Outlook

<b>Inland</b>	<b>1Q 2024</b>		<b>FY 2024</b>	
	<b>Barges</b>	<b>Barrels</b>	<b>Barges</b>	<b>Barrels</b>
(barrels in millions)				
Beginning of period	1,076	23.7	1,076	23.7
Additions:				
Reactivations/new builds/acquisitions	2	0.1	21	0.5
Reductions:				
Retirements	-	-	(3)	-
End of period	1,078	23.8	1,094	24.2

<b>Coastal</b>	<b>1Q 2024</b>		<b>FY 2024</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

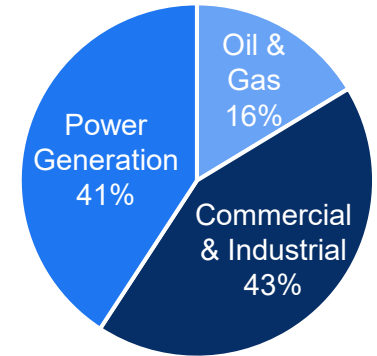


# Distribution & Services

## 1Q 2024 Financial Summary

\$ millions	1Q 2024	1Q 2023	Variance	%	4Q 2023	Variance	%
Revenue	\$ 332.6	\$ 337.9	\$ (5.3)	-2%	\$ 346.6	\$ (14.0)	-4%
Operating income	22.0	22.8	(0.8)	-4%	28.7	(6.7)	-23%
Operating margin	6.6%	6.7%	-0.1%		8.3%	-1.7%	

## 2024 Q1 Revenue



### Power generation

- Revenues up 50% year-over-year and 42% sequentially due to higher power generation equipment sales to data center and oil and gas markets
- Operating margin in the high single digits

### Commercial and Industrial

- Revenues down 7% year-on-year and 13% sequentially as product revenue shifted out of the quarter due to supply chain delays
- Operating margin in the high single digits

### Oil and Gas

- Revenues down 43% year-on-year and 38% sequentially due to lower remanufacturing and transmission sales as conventional frac activity remains low
- Operating margin in the mid-single digits





# Balance Sheet, Capital Expenditures, and Liquidity

As of March 31, 2024

Total  
Debt

**\$1.06B**

Cash and  
Cash Equivalents

**\$75M**

Available  
Liquidity

**\$491M**

## ■ 1Q 2024 Results

- Net cash flow provided by operating activities: \$123 million
- Proceeds from retired asset sales: \$2 million
- Repurchased 498,505 shares at an average price of \$83.82 for \$42 million
- Capital expenditures: \$81 million

## ■ 2024 Guidance

- 2024 net cash flow provided by operating activities: \$600 million to \$700 million
- 2024 capital expenditures: \$290 to \$330 million

**Free cash flow\* generation of ~\$300 million expected in 2024**

\* Free cash flow is defined as net cash provided by operating activities less capital expenditures



1Q 2024 Earnings



# Marine Transportation – 2024 Outlook

Strong demand with tight supply allows to strengthen margins as 2024 progresses

## ■ Inland

- Strong market conditions driven by high refinery activity, limited new barge construction, and a heavy year for industry maintenance combined with steady customer demand
- Barge utilization expected to be low to mid-90%
- Full year revenue growth in mid to high single digit range
- Continued price increases on spot and term contracts
- Operating margins averaging around 20% or higher for the full year with gradual improvement during the year

## ■ Coastal

- Strong customer demand
- Barge utilization expected to be low to mid-90% range due to balanced supply and demand conditions
- Full year revenues are expected to be up high single to low double digits year-over-year
- Operating margins are expected to be in high single to low double digit range on a full year basis



# Distribution & Services – FY 2024 Outlook

Strong demand for power generation products coupled with new manufacturing orders

- **Power generation**

- Strong demand from data center and backup power markets
- Expected to be ~40-45% of segment revenues

- **Commercial and industrial**

- Expect strong marine repair demand with softer on-highway demand except for refrigeration products and services
- Expected to be ~40% of segment revenues

- **Oil and gas**

- Strong manufacturing backlog driven by increased demand for e-frac
- Supply chain issues expected to persist in the near-term
- Expected to be ~15-20% of segment revenues

- **Segment Outlook**

- Revenues expected to be slightly down to flat year-over-year
- Operating margins expected to be in the mid to high-single digits for the year



