

**Kirby Corporation** | 2017 Annual Report



## Financial Highlights

(In thousands, except per share amounts)	For the years ended December 31,				
	2017*	2016	2015	2014	2013
<b>Revenues:</b>					
Marine transportation	\$ 1,324,106	\$ 1,471,893	\$ 1,663,090	\$ 1,770,684	\$ 1,713,167
Distribution and services	890,312	298,780	484,442	795,634	529,028
	<u>\$ 2,214,418</u>	<u>\$ 1,770,673</u>	<u>\$ 2,147,532</u>	<u>\$ 2,566,318</u>	<u>\$ 2,242,195</u>
Net earnings attributable to Kirby	<u>\$ 313,187</u>	<u>\$ 141,406</u>	<u>\$ 226,684</u>	<u>\$ 282,006</u>	<u>\$ 253,061</u>
Net earnings per share attributable to Kirby common stockholders (diluted)	<u>\$ 5.62</u>	<u>\$ 2.62</u>	<u>\$ 4.11</u>	<u>\$ 4.93</u>	<u>\$ 4.44</u>
<b>EBITDA—Earnings before interest, taxes, depreciation and amortization:**</b>					
Net earnings attributable to Kirby	\$ 313,187	\$ 141,406	\$ 226,684	\$ 282,006	\$ 253,061
Interest expense	21,472	17,690	18,738	21,461	27,872
Provision (benefit) for taxes on income	(240,889)	84,942	133,742	169,782	152,379
Impairment of long-lived assets	105,712	—	—	—	—
Depreciation and amortization	202,881	200,917	192,240	169,312	164,437
EBITDA**	<u>\$ 402,363</u>	<u>\$ 444,955</u>	<u>\$ 571,404</u>	<u>\$ 642,561</u>	<u>\$ 597,749</u>
Property and equipment, net	\$ 2,959,265	\$ 2,921,374	\$ 2,778,980	\$ 2,589,498	\$ 2,370,803
Total assets	\$ 5,127,427	\$ 4,289,895	\$ 4,140,558	\$ 4,127,052	\$ 3,666,402
Long-term debt, including current portion	\$ 992,406	\$ 722,802	\$ 774,849	\$ 712,405	\$ 742,493
Total equity	\$ 3,114,223	\$ 2,412,867	\$ 2,279,196	\$ 2,264,913	\$ 2,022,153

\* The 2017 year included \$269,472,000 after taxes, or \$4.83 per share, of deferred tax revaluation benefit, the result of recent federal tax reform legislation that resulted in the remeasurement of Kirby's United States deferred tax assets and liabilities. This was partially offset by \$105,712,000 before taxes, \$66,975,000 after taxes, or \$1.20 per share, non-cash impairment of long-lived assets.

\*\* EBITDA, defined as net earnings attributable to Kirby before interest expense, taxes on income, impairment of long-lived assets, depreciation and amortization, is 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, depreciation and amortization).

*On the Cover: The M/V Escambia, a Kirby Inland Marine 1200 horsepower inland towboat, works in Kirby's Baton Rouge Fleet on the Mississippi River assembling a river linehaul tow which will be taken to the Ohio Valley for delivery. Loaded barges are staged in the Baton Rouge area from Gulf Coast refineries and petrochemical plants and are transported to waterfront terminals and plants on the Mississippi, Illinois and Ohio Rivers on regularly scheduled linehaul tows. Tank barges are dropped off and picked up going northbound and southbound on the rivers. The M/V Escambia is named after the Escambia River in Florida and Alabama.*



## To Our Shareholders

**A**t Kirby Corporation, investing our shareholders' capital wisely with the objective of superior returns through the business cycle is one of the critical tasks of the Kirby management team. To achieve this objective, timing is important. During 2017 and early 2018, we capitalized on key investment opportunities as asset values declined to levels where our capital objectives can be met when business returns to normal levels. These strategic acquisitions should reward our shareholders nicely in future years.

We invested a significant amount of capital in 2017, completing five acquisitions totaling \$850 million. The largest 2017 acquisition was Stewart & Stevenson LLC ("S&S"), which significantly expanded the geographic footprint and capabilities of our distribution and services segment. During 2017, we also purchased from competitors a total of 18 inland tank barges and four inland towboats, and we acquired a shipyard and a barge fleet and fueling operation on the Gulf Coast. In early 2018, we purchased Higman Marine, Inc. and its affiliated companies ("Higman"), significantly expanding our presence in and further consolidating the inland marine transportation market.

In September 2017, we purchased S&S for a total value of \$758 million. The purchase was well-timed as prospects for the oil and gas industry steadily improved during 2017 following a prolonged downturn that began at the end of 2014. The acquisition of S&S creates one of the largest distribution and service networks of diesel engines, parts and power generation equipment in the United States with the engineering and technological capacity to successfully address the complex requirements of a large customer base in a competitive national and global environment. The addition of S&S, combined with our existing business, enhances all parts of our distribution and services business by expanding the geographic footprint and product offerings in the oil and gas, marine, on-highway and power generation markets. It also expands our reach to new commercial and industrial markets such as construction, mining and agriculture, while also providing some international exposure in the mining and oil and gas markets. We are well on our way to realizing our targeted \$25 million of synergies. Coordinated sales efforts between United Holdings and S&S have already shown favorable results by helping secure orders for the manufacture of new pressure pumping equipment that both standalone companies would have struggled to deliver on-time to the customer. As we look to the future, we see a business segment that provides best-in-class service and products to a broad oil and gas and commercial and industrial customer base, and has a cost structure that allows it to better weather commodity cycles.



**Joe Pyne**  
*Chairman of the Board*



**David Grzebinski**  
*President and Chief Executive Officer*

In February 2018, we completed the acquisition of Higman for \$419 million in cash. The Higman fleet of 157 inland tank barges with 4.8 million of capacity and 75 inland towboats is one of the youngest fleets in the industry, with an average age of seven years for the tank barges and eight years for the towboats. As the inland market begins its recovery, the timing of the Higman acquisition is ideal as it upgrades our tank barge fleet, allows us to avoid significant future capital outlays for new tank barges and towboats, and ultimately will enable Kirby to emerge from the downturn larger, more efficient and better able to serve our customers.

During 2017, we also continued to reinvest in our marine transportation fleets, with total capital expenditures of \$177.2 million, including \$17.9 million for new inland tank barge and towboat construction. We spent \$53.1 million on our coastal fleet, including progress payments on the construction of one new ATB, two 4900 horsepower tugboats and six 5000 horsepower ATB tugboats, better aligning the age of our horsepower with that of our coastal tank barges, thereby improving our reliability and efficiency. The remaining \$106.2 million was used primarily for upgrades to our existing inland and coastal fleets, as well as for upgrades and improvements to our marine transportation and distribution and services facilities. In summary, we were very successful with our capital allocation activities in 2017, investing your capital in the long-term health and growth of the Company.

Our 2017 financial results included revenues of \$2.2 billion, net earnings of \$313 million, earnings per share of \$5.62 and EBITDA of \$402 million. Net earnings included a one-time deferred tax remeasurement benefit of \$4.83 per share as a result of recent federal tax reform legislation. This was partially offset by a \$1.20 per share non-cash impairment of long-lived assets primarily consisting of coastal vessels which we are retiring. These results, after excluding the one-time deferred tax benefit and impairment charge, were 24% lower than 2016 as increased activity in our oil and gas distribution and services business only partially offset the impact from the decline in

## To Our Shareholders continued

marine transportation tank barge utilization and pricing. However, our 2017 free cash flow excluding acquisitions, but after investing \$177 million in new vessels and fleet and facility improvements, was \$176 million, which is only 5% lower than 2016. This is a testament to our cost reduction initiatives implemented during the downturn and our commitment to generating strong free cash flow through the cycle.

### Marine Transportation

For the third consecutive year, the marine transportation industry continued to feel the effects of an industry-wide oversupply of inland and coastal tank barges. Starting in late 2014 and continuing in 2015, additional pipeline capacity came on-line as crude oil pricing collapsed. As a result, much of the industry's new inland and coastal tank barge capacity, which was specifically built for crude oil and natural gas condensate service, was redirected into the petrochemical, black oil and refined petroleum products markets, creating an oversupply of tank barges. Due to the oversupply, we continued to experience pricing pressure for inland term contracts renewed during 2017, and spot market pricing remained generally below term contracts. For the coastal market, many term contracts failed to renew during 2017 as customers elected to source their needs in the spot market. Coastal spot contracts remained meaningfully below term contracts throughout most of 2017.

Petrochemical movements grew throughout 2017, benefiting from a favorable pricing environment for our customers' products and new petrochemical capacity coming on-line during the second half of 2017. Demand for the movement of refined petroleum products was lower than 2016. Black oil demand was higher in our inland market, but lower in our coastal market, and remained volatile as a result of the seasonality of customer facility turnarounds and the inconsistent nature of trader participation in the market. Movements of crude and natural gas condensate by inland tank barge improved in the latter half of the year as the Brent/WTI spread widened.

Prior to the impact from Hurricane Harvey, utilization of our inland fleet followed normal seasonal patterns through most of 2017, in the mid-80% to low 90% range. Hurricane Harvey, which struck the Texas Gulf Coast in late August, significantly disrupted normal supply and distribution routes in our inland market, closing ports and inland waterways. The hurricane also disrupted over 50% of the United States' petrochemical capacity and over 25% of its refinery capacity. After the ports and inland waterways opened, utilization for the balance of the third quarter improved to the high 80% to mid-90% range due to pent-up demand for liquid barge movements as Gulf Coast petrochemical and refinery complexes returned to normal operations. Utilization for the fourth quarter was in the low to mid-90% range, reflecting a favorable pricing environment for our customers' products and the addition of new petrochemical industry capacity coming on-line. We retired a total of 53 inland tank barges in 2017, and took delivery of five new 30,000 barrel inland tank barges. We ended 2017 with an inland fleet of 841 tank barges, representing 17.3 million barrels of capacity, and 227 towboats.

The coastal marine transportation market fundamentals remained challenging throughout 2017, as new barrel capacity was placed in service by Kirby and our competitors, further adding to the overcapacity in the coastal tank barge market. This resulted in lower utilization and pricing, as well as increased spot market and idle-time exposure as term contracts failed to renew. Utilization in our coastal business began the year in the mid-70% to low 80% range, but declined over the second and third quarters to settle in the low to mid-60% range, where it remained through year-end. This utilization was substantially lower than the prior trough of the low 70% range witnessed when we entered the coastal tank barge market in 2011. In response, we made the difficult decision to temporarily take equipment out of service and reduce headcount in order to manage our costs. Further, in late 2017, with additional coastal industry capacity still under construction, and utilization rates in the low to mid-60%, we took proactive measures to impair and early retire idled coastal equipment. The impaired equipment included 12 tank barges, some of which would require expensive ballast water treatment systems installations in the next few years, and 21 tugboats. These vessels are either being scrapped or sold into international or non-competing markets. We ended 2017 with an active coastal fleet of 56 tank barges, representing 5.4 million barrels of capacity, and 53 tugboats. As we look to 2018 and beyond, our coastal fleet will be smaller, younger, more reliable and therefore more competitive in the current coastal market. However, we anticipate a challenging 2018 unless the industry accelerates scrapping of older capacity.

### Distribution and Services

Kirby entered the diesel engine services business in 1982 to provide a reliable repair service operation for our vessels. Since 1982, through the acquisition of 18 distribution and services businesses, culminating with the September 2017 acquisition of S&S, we have grown our distribution and services segment into one of the largest nationwide service providers and distributors of diesel engines, transmissions, parts and equipment to the oil and gas industry, as well as commercial and industrial companies. Today, Kirby is a leading manufacturer and remanufacturer of pressure pumping units and other oilfield equipment primarily in the domestic market, but now with modest international exposure through S&S.

The green shoots of a recovery in the North American oil and gas market began to appear in the second half of 2016 as crude oil prices increased. By late 2016 and continuing into 2017, customers began reactivating neglected pressure pumping equipment for deployment in the lower-cost shale basins. The demand for the remanufacture of existing pressure pumping equipment and transmission overhauls remained steady throughout the year, and was complemented by occasional orders for new pressure pumping equipment and transmissions. At our manufacturing facility in Oklahoma City, we remanufactured and manufactured over 800,000 horsepower of pressure pumping equipment in 2017, more than twice our output in 2016. We successfully met this demand while simultaneously nearing prior peak operating margins, a testament to our employees ability to prudently ramp

up production and to the efficiencies we gained by consolidating three Oklahoma City manufacturing operations under one roof.

The marine sector of the distribution and services segment was down slightly in 2017 as customers continued to defer maintenance due to the weak fundamentals in the inland and coastal marine transportation and the Gulf of Mexico oilfield services markets. Early signs of a recovery in the Gulf of Mexico offshore oil and gas market and improving inland marine fundamentals point to more favorable markets in 2018. Our power generation sector remained a strong performer in 2017, and we anticipate demand in that sector will be steady in 2018.

### Strong Balance Sheet

Our continued strong cash flow allowed us to maintain our balance sheet strength and our investment grade ratings at Standard & Poor's and Moody's. In June 2017, the Company entered into an amendment of its Revolving Credit Facility that increased the borrowing limit from \$550 million to \$850 million and extended the maturity date to June 2022. The increase in the Revolving Credit Facility borrowing limit was associated with the acquisition of S&S. Due to our strong cash flow generation, we use our Revolving Credit Facility extensively so that we can delever quickly without incurring break and make-whole charges.

Our long-term debt at year-end was \$992 million versus \$723 million at December 31, 2016, and consisted primarily of \$500 million of unsecured senior notes, \$150 million due in 2020 and \$350 million due in 2023, and \$496 million outstanding under its Revolving Credit Facility. The debt-to-capitalization ratio at year-end was 24.2% compared with 23.1% at December 31, 2016. In anticipation of the Higman acquisition in February 2018, we issued \$500 million of 4.2% senior unsecured notes due March 1, 2028. We used \$419 million of the proceeds for the acquisition of Higman, increasing the debt-to-capitalization ratio to the 32% range. Our financial policies remain unchanged, and consistent with our history, we expect to rapidly delever our debt with our free cash flow as we progress through 2018.

### Outlook

Our outlook for 2018 is favorable, driven by continued strong oil and gas activity in our distribution and services segment and an improving inland marine market. The acquisition of S&S last fall and its integration with our existing distribution and services sectors was well-timed, enhanced our capabilities and scale, significantly expanded our geographic footprint, and stabilized the volatility of the segment. We believe we are in the early stages of an oil and gas cycle that should be more ratable than prior cycles. Experts predict oil prices will be in the \$60 to \$70 per barrel range, and land rig counts and drilled-but-not-completed well inventories in North America are expected to contribute to oilfield activity growth in excess of 10%. In addition, experts are predicting that an additional two to four million of new pressure pumping horsepower will be required to meet current demand, a 15% to 25% addition to the current fleet. As a result,

we anticipate that the demand for existing pressure pumping remanufacturing and the manufacturing of new pressure pumping units and ancillary oilfield service support equipment will remain strong throughout 2018. Furthermore, additional 2018 S&S integration synergies with our existing operations will further enhance the earnings potential of this segment.

For the marine transportation market, the integration of Higman with our inland tank barge sector will be a high priority during 2018. We maintain a positive view on the inland tank barge market and expect improvement during the year. Key inland market drivers, including GDP growth of 3% or more, favorable commodity prices and approximately 30 new petrochemical projects coming online in 2018, are all expected to contribute to higher demand, improved utilization and higher pricing across the industry. While our coastal market is expected to remain challenging during 2018, we have rationalized our fleet and expect to improve our profitability going forward.

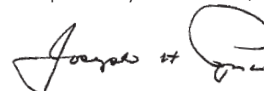
In early 2018, we welcomed Bill Harvey to Kirby as our Executive Vice President and Chief Financial Officer. Bill has more than 14 years of experience as a public company CFO, primarily in the energy and paper industries. He is a chartered financial analyst with an MBA from the University of Toronto and a BS in mechanical engineering from Queens University. We look forward to working with Bill.

Our success in providing long-term value for our shareholders relies upon the productivity and passion of our employees, the partnerships we have with our customers, and the thoughtful guidance and support of our board of directors. We sincerely thank our employees, customers and our Board of Directors for their contribution in strengthening and growing the foundation of Kirby Corporation during 2017.

Special thanks to Bill Ivey, our President of Marine Transportation, who will be retiring this month after 39 years of service with Kirby. Bill joined Kirby with the acquisition of Alamo Inland Marine Co. and has been a key part of our marine transportation business from that day forward. Bill's wise counsel, leadership and friendship have been invaluable to Kirby.

Kirby is well positioned for the future. We have made some difficult decisions with respect to our inland and coastal marine transportation fleets to improve their age and reliability, and we have made strategic acquisitions in both our marine transportation and distribution and services segments which should significantly enhance each of our core businesses and thereby improve future shareholder returns.

Respectfully submitted,



**Joseph H. Pyne**  
Chairman of the Board

Houston, Texas, March 9, 2018



**David W. Grzebinski**  
President and Chief Executive Officer



# Marine Transportation

**Kirby Corporation, through its wholly owned subsidiaries Kirby Inland Marine and Kirby Offshore Marine, is the United States' largest tank barge operator, providing a critical service in the production and distribution of petrochemicals, black oil, refined petroleum products and agricultural chemicals. Kirby Inland Marine serves the inland tank barge market and Kirby Offshore Marine the coastal tank barge market. The inland market contributed 72% and the coastal market 28% of marine transportation revenues for 2017.**

Kirby's tank barge fleet transports raw material feedstocks into petrochemical plants, transports products from one petrochemical plant to another for further processing, and transports more finished products to manufacturing companies located along the inland and coastal waterways, and to waterfront terminals for both domestic and foreign destinations. Black oil, including crude oil and natural gas condensate, is transported to refineries and storage terminals, residual fuel from refineries to power plants and asphalt to waterfront terminals. Refined petroleum products, including gasoline blendstocks, gasoline additives, heating oil, diesel fuel and aviation fuel are transported from inland and coastal refineries, storage facilities and pipeline terminals to waterfront terminals for both domestic and international destinations. Agricultural chemicals are transported primarily to waterfront terminals in the Midwest and South Texas.

*The Kirby 185-02, a Kirby Offshore Marine 185,000 barrel coastal tank barge and the M/V Tina Pyne, a 10000 horsepower tugboat named after the wife of Joe Pyne, Kirby's Chairman of the Board, offloads product at Port Manatee, Florida. These vessels were placed into service as a coastal articulated tank barge unit in 2016. This photo was taken by Virginia Zimmermann.*



*The M/V Mobile, an 1800 horsepower inland marine towboat, works to build a tow of inland tank barges at Kirby's fleet facility on the Houston Ship Channel. This vessel primarily operates unit tows of two 30,000 barrel inland tank barges on the Gulf Intracoastal Waterway. The M/V Mobile is named after the Mobile River in Alabama.*



The United States inland waterway system is composed of 12,000 miles of commercially navigable inland interconnected rivers, canals and intracoastal waterways connecting 38 states and approximately 635 shallow draft harbors. Kirby Inland Marine operates throughout the Mississippi River System, Gulf Intracoastal Waterway and the Houston Ship Channel. The Mississippi River System includes the Mississippi, Arkansas, Illinois, Missouri, Ohio, Red, Tennessee, Yazoo, Ouachita and Black Warrior Rivers and the Tennessee-Tombigbee Waterway. The Gulf Intracoastal Waterway runs from Brownsville, Texas, to Port St. Joe, Florida. The Houston Ship Channel is one of the busiest waterways in the United States and the home of Kirby's inland and coastal shoreside facilities. The United States possesses 12,500 miles of coastline with numerous ports and harbors along the Atlantic, Gulf and Pacific Coasts, as well as in Alaska and Hawaii. The United States inland waterway system and coastal ports and harbors are one of the most vibrant and efficient transportation systems in the world, linking the United States heartland and coastal states to each other and to the world. The large majority of the United States petrochemical plants and refineries are located along the navigable inland waterways and in ports and harbors along the coastlines.

The inland tank barge market is composed of a diverse and independent mixture of approximately 40 large integrated transportation companies and small operators, as well as captive fleets owned by United States refining and petrochemical customers. Kirby Inland Marine's fleet consists of 998 inland tank barges with 22.0 million barrels of capacity and 302 inland

towboats transporting petrochemicals, black oil, refined petroleum products and agricultural chemicals. On February 14, 2018, Kirby purchased Higman Marine, Inc. and affiliated companies for \$419 million in cash, subject to certain post-closing adjustments, further enhancing Kirby's leadership position in the inland tank barge market. Higman's fleet consisted of 157 inland tank barges and two stainless steel specialty inland tank barges (currently under construction for delivery in 2018) with 4.8 million barrels of capacity and 75 inland towboats. Higman's fleet of tank barges and towboats is one of the youngest inland fleets in the industry, with the tank barges averaging seven years and the towboats averaging eight years in age.

The coastal tank barge industry is composed of approximately 15 large integrated transportation companies and small operators in the 195,000 barrel or less category. Tank barges in the 195,000 or less category have the flexibility to access ports inaccessible to larger vessels, while still delivering large volumes of products. Kirby Offshore Marine's fleet consists of 56 coastal tank barges with 5.4 million barrels of capacity and 53 coastal tugboats offering regional distribution of refined petroleum products, black oil and petrochemicals along the Atlantic, Pacific and Gulf Coasts and in Alaska and Hawaii. Kirby Offshore Marine's fleet also includes two offshore dry-bulk barge and tugboat units transporting raw sugar and other products from the Gulf Coast and Florida to East Coast ports. In addition, Kirby Ocean Transport transports coal across the Gulf of Mexico to a power generation facility in Florida with three offshore dry-bulk barge and tugboat units.



# Distribution and Services



**Kirby Corporation, through its wholly owned subsidiary Kirby Distribution & Services, Inc. and its wholly owned subsidiaries Kirby Engine Systems LLC, United Holdings LLC and Stewart & Stevenson LLC, serves two distinct markets, oil and gas and commercial and industrial. In September 2017, Kirby acquired Stewart & Stevenson, significantly expanding its presence in the distribution and services market. The oil and gas market contributed 69% and the commercial and industrial market contributed 31% of distribution and services revenues for 2017.**

Through the oil and gas market, Kirby is engaged in the distribution and service of diesel engines, pumps and transmissions used in the oilfield service industry, and the manufacture and remanufacture of oilfield service equipment. The oil and gas operation sells OEM replacement parts, sells and services diesel engines, pumps and transmissions, and offers in-house and in-field service capabilities. Kirby remanufactures existing pressure pumping units and manufactures pressure pumping units, nitrogen pumping units, cementers, hydration equipment, mud pumps and blenders, coil tubing, well intervention equipment and gas compression equipment, all fully tested and field ready. Distributorships include Allison Transmission through which Kirby serves as the largest United States off-highway distributor, as well as MTU, where Kirby is the largest distributor in North America, with exclusive distributorships in multiple key oil and gas states. Kirby's major oil and gas customers are large and mid-cap North American and international oilfield service companies, and oil and gas operators and producers with which Kirby has long-standing relationships.

*A series of new pressure pumping units manufactured at Stewart & Stevenson's Houston facility. Kirby Distribution and Services manufactures oilfield service equipment, including pressure pumping units, hydration, blenders, cementers, mud pumps, nitrogen, coil tubing and seismic units. Kirby also manufactures new Rail King railcar movers used in railcar switching operations.*



*A Stewart & Stevenson technician works on a new pressure pumping unit being manufactured for delivery into international markets. In addition to a broad customer base in North America, Kirby's portfolio extends into Central and South America, Europe, the Middle East and Russia.*





For the commercial and industrial market, Kirby provides an essential service to support the day-to-day operations of its domestic and international customers, engaging in the distribution and service of medium-speed and high-speed diesel engines and ancillary equipment used in marine, on- and off-highway, power generation, mining and other commercial and industrial applications. The market also includes the sale and rental of power generation systems and railcar movers, and the rental of fork lifts, pumps and air compressors.

For the marine sector, Kirby is a nationwide service and OEM replacement parts provider for diesel engines, with in-house and worldwide in-field service capabilities. Kirby also sells new engines and services ancillary products, including reduction gears, transmissions, ballast water equipment and safety related products. Distributorships include EMD Power Products (EMD) for medium-speed diesel engines throughout the United States, and factory-authorized marine dealerships for Caterpillar in multiple key states. Kirby also has marine distributorships/dealerships in certain states for Cummins, Detroit Diesel, John Deere, MTU and Volvo Penta diesel engines, as well as Falk, Lufkin and Twin Disc marine reduction gears. Major marine customers include inland and offshore barge operators, oil service companies, offshore fishing companies, harbor docking operators, commercial and municipal ferry operators, government vessels and large pleasure crafts.

Kirby distributes, sells parts and services diesel engines and transmissions for on- and off-highway applications, and provides in-house and in-field service capabilities. Kirby serves as the largest distributor for Allison Transmission and Detroit/Daimler Truck North America providing parts, service and warranty on engines, transmissions and related equipment in numerous key states and the country of Colombia. Off-highway applications include surface and underground mining equipment and other oil and gas applications. Kirby also has distributorships with Deutz and Isuzu diesel engines. Customers in this business include long-haul and short-haul trucking companies, commercial and industrial companies with truck fleets, municipality and commercial buses, and mining operators.

For the power generation sector, Kirby serves as the exclusive worldwide distributor for EMD, Nordberg, Woodward, Inc., and Baker Hughes, a GE Company, to the nuclear industry, as well as serving as a distributor for numerous other companies that serve the nuclear industry. Kirby sells pre-packaged and fabricated power generation systems for emergency, standby and auxiliary power for commercial and industrial applications, as well as rents generator systems. Power generation customers include domestic utilities, the worldwide nuclear power industry, municipalities, universities, medical facilities, data centers, petrochemical plants, manufacturing facilities, shopping malls, office complexes and other industrial users.



## Board of Directors

### Anne-Marie N. Ainsworth<sup>1</sup>

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<sup>1,3</sup>

Retired CEO of Key Energy Services, Inc. Director since 2011

### Barry E. Davis<sup>1,2</sup>

Executive Chairman of EnLink Midstream GP, LLC and EnLink Midstream Manager, LLC Director since 2015

### C. Sean Day<sup>2,3</sup>

Chairman Emeritus of Teekay Corporation Director since 1996

### David W. Grzebinski

President and Chief Executive Officer of Kirby Director since 2014

### Monte J. Miller<sup>2,3</sup>

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. Stewart<sup>1</sup>

Retired President and CEO of GE Aero Energy Director since 2008

### William M. Waterman<sup>3</sup>

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

<sup>1</sup> Audit Committee

<sup>2</sup> Compensation Committee

<sup>3</sup> Governance Committee

## Officers

### Kirby Corporation

**Joseph H. Pyne**  
Chairman of the Board

**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 and Controller

**Eric S. Holcomb**  
Vice President —  
Investor Relations

**Amy D. Husted**  
Vice President and  
General Counsel

**David R. Mosley**  
Vice President and  
Chief Information Officer

**William Matthew Woodruff**  
Vice President — Public and  
Governmental Affairs

**Renato A. Castro**  
Treasurer

**Thomas G. Adler**  
Secretary

### Marine Transportation

#### Kirby Inland Marine, LP

**Christian G. O'Neil**  
President

**James C. Guidry**  
Executive Vice President —  
Vessel Operations

**Mel R. Jodeit**  
Executive Vice President —  
Marketing

**John W. Sansing, Jr.**  
Senior Vice President —  
Maintenance

**William M. Withers**  
Senior Vice President — Sales

**Todd M. Behlke**  
Vice President — Operations

**Stephen C. Butts**  
Vice President — Sales

**Craig T. Foret**  
Vice President — Logistics  
Management

**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

**Thomas H. Whitehead**  
Vice President — Sales

**Carl R. Whitlatch**  
Vice President and Controller

#### Kirby Offshore Marine, LLC

**Christian G. O'Neil**  
President

**James C. Guidry**  
Executive Vice President —  
Vessel Operations

**John W. Sansing, Jr.**  
Senior Vice President —  
Maintenance

**William M. Withers**  
Senior Vice President — Sales

**John T. Hallmark**  
Vice President — Sales and  
Strategic Planning

**Christopher T. Palo**  
Vice President — Engineering

**Craig N. Tornga**  
Vice President — Operations

**Carl R. Whitlatch**  
Vice President and Controller

#### Kirby Ocean Transport Company

**Christian G. O'Neil**  
President

**William M. Withers**  
Vice President

#### Osprey Line, L.L.C.

**John T. Hallmark**  
President

**Charles J. Duet**  
Vice President

### Distribution and Services

#### Kirby Distribution & Services, Inc.

**Joseph H. Reniers**  
President

**Mia C. Cradeur**  
Vice President and Controller

**Ronnie E. Stover**  
Senior Vice President — Sales

#### 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

**Troy A. Bourgeois**  
Vice President — Sales

#### United Holdings LLC

**David L. Tonne**  
Vice President — Aftermarket  
United Engines

**Gregory L. Culp**  
Vice President —  
Engineered Products  
UE Manufacturing

#### Thermo King of Houston, LP

**Jason K. Robison**  
Vice President

#### Stewart & Stevenson LLC

**Joshua C. Weed**  
Executive Vice President of  
Strategy & Administration

**Jack L. Pieper**  
Vice President & Controller

#### Stewart & Stevenson Power Products LLC

**John H. Merrifield**  
President

**Peter M. Cataford**  
President — ADDA

**Donald F. Mann**  
President — FDDA

#### Stewart & Stevenson Manufacturing Technologies LLC

**E. Max Hengst**  
President

#### Stewart & Stevenson de las Americas Colombia Ltda.

**Rafael Garcia**  
Vice President — Latin America



## Shareholder Information

### Annual Meeting

The 2018 Annual Meeting of Stockholders will be held at Kirby's Houston office, 55 Waugh Drive, 9th Floor, Houston, Texas 77007, at 10:00 a.m. (CDT), Tuesday, April 24, 2018.

### 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

### 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, KY 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.

### Website

For more investor information, as well as information about Kirby, visit Kirby's website at [www.kirbycorp.com](http://www.kirbycorp.com).

### Independent Registered Accountants

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

### Common Stock Information

Stock trading symbol—KEX  
The New York Stock Exchange is the principal market for Kirby's common stock. As of March 1, 2018, there were 59,674,000 common shares outstanding held by approximately 620 registered shareholders. The number of registered shareholders does not reflect the number of beneficial owners of common stock.

### Common Stock Market Price

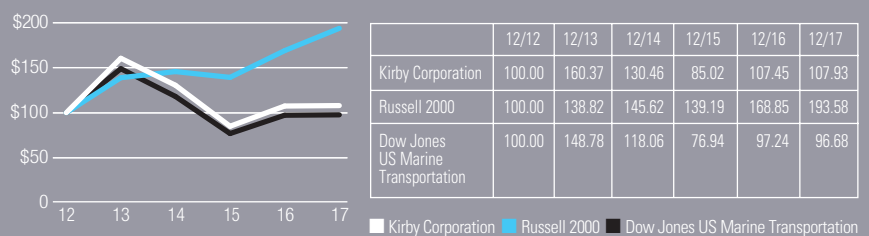
	Sales Price	
	High	Low
<b>2018</b>		
First Quarter (through March 1, 2018)	\$ 80.90	\$ 66.80
<b>2017</b>		
First Quarter	\$ 73.40	\$ 61.65
Second Quarter	\$ 74.50	\$ 62.55
Third Quarter	\$ 68.60	\$ 59.25
Fourth Quarter	\$ 72.95	\$ 61.80
<b>2016</b>		
First Quarter	\$ 63.03	\$ 44.63
Second Quarter	\$ 73.25	\$ 57.92
Third Quarter	\$ 64.85	\$ 50.80
Fourth Quarter	\$ 70.90	\$ 55.11

### 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 [Eric.Holcomb@kirbycorp.com](mailto:Eric.Holcomb@kirbycorp.com) or visit Kirby's website at [www.kirbycorp.com](http://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 and the Dow Jones US Marine Transportation index. The graph tracks the performance of a \$100 investment in Kirby common stock and in each index (with the reinvestment of all dividends) from 12/31/2012 to 12/31/2017.



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

## Kirby Corporation

### Corporate Headquarters:

55 Waugh Drive, Suite 1000  
Houston, Texas 77007

### Mailing Address:

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

(713) 435-1000

Fax: (713) 435-1010

[www.kirbycorp.com](http://www.kirbycorp.com)

*A new pressure pumping blender manufactured at United Holding's Oklahoma City facility. Blenders are computer-controlled units that support hydraulic fracturing operations by mixing proppant (sand) and water slurries prior to high pressure injection into the well. Kirby Distribution & Services manufactures and remanufactures a wide variety of oilfield service equipment, including pressure pumping, hydration, blenders, cementers, mud pumps, nitrogen, coil tubing and seismic units.*

