



Kirby Corporation Inc. (KEX)

Maritime Sector

February 24, 2025 Buy Recommendation: Francis Zaklukiewicz, Joe Kwiatkowski, Keeghan Cummings, Halle Myers, Ethan Kurnik, Jackson Knight, Sean Donoghue

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Section I. Company Overview

Analyst(s): Jackson Knight

Company Summary



KEX

- **Headquartered in Houston, Texas:** Strategically located to serve key industrial and transportation hubs (port of Houston) one of busiest in the U.S.
- **Historical Roots:** Founded in 1921 as Kirby Industries, Inc., the company was rebranded as Kirby Corporation in 1990
- **Marine Transportation Leader:** Operates the largest **inland and offshore** tank barge fleets in the U.S., transporting bulk liquid products
- **Extensive Service Network:** Provides transportation services throughout the Mississippi River System, Gulf Intracoastal Waterway, and along all three U.S. coasts (Atlantic, Gulf, Pacific)
- **Diverse Distribution and Services:** Offers after-market service parts for engines, transmissions, and related equipment across various industries, including oilfield services, marine, power generation, and on-highway applications

Company Overview



Business

- **Kirby Corporation** is the nation's largest domestic tank barge operator, transporting bulk liquid products throughout the Mississippi River System, on the Gulf Intracoastal Waterway, and coastwise along all three United States coasts.
- **Marine Transportation Segment (KMT)**, Transportation of bulk liquid products (petrochemicals, black oil, refined petroleum products, and agricultural chemicals) by barge. Also operates two barge and tugboat units of dry-bulk commodities (carrying sugar and coal)
- **Distribution and Services Segment (KDS)**, Distributor and service provider for oil service, marine, power generation and transportation markets, sells OEM equipment and replacement parts through subsidiaries
 - Oil + Gas Market: Manufactures and remanufactures service equipment (pressure pumping and power generation units)
 - Rents and sells industrial equipment through another subsidiary



Kirbycorp.com



Company Overview



- **Inland Marine**

- 1,094 Active Tank Barges
- 281 Active Towing Vessels
- 24.2 M barrels of capacity

- **Unit Tows**

- Like a taxi service for one customer
 - Black oil, chemicals, pressurized and refined products
 - (one to three barges on canal, two to six barges on river)

- **Linehaul**

- Like a passenger bus
 - Petrochemical feedstocks, chemicals, lube oils
 - Predetermined route with a shared towboat
 - Barges picked up and dropped off along the route
 - Much longer than Unit tow (10 to 25 barges)

Company Overview



• Offshore Marine

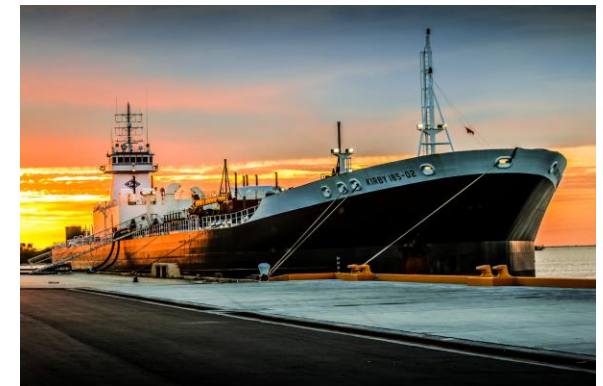
- 25 Active Towing Vessels
- 28 Active Offshore Tank Barges
- 2.9 M Barrels of Capacity

Atlantic Division

- Transportation of Petroleum products between ports on the east coast
 - (every coastal state from New England to the U.S. Gulf of Mexico, Caribbean and Eastern Canada)
 - Range in capacity from 10,000 to 185,000 barrels
- Operates two dry-bulk offshore tugboat and barge units
 - Transport sugar from Florida to states on East coast

Pacific Division

- Distributes refined products and black oils from Southern California to Alaska and Western Canada
 - Barges range in capacity from 26,000 barrels to 185,000 barrels



Company Overview

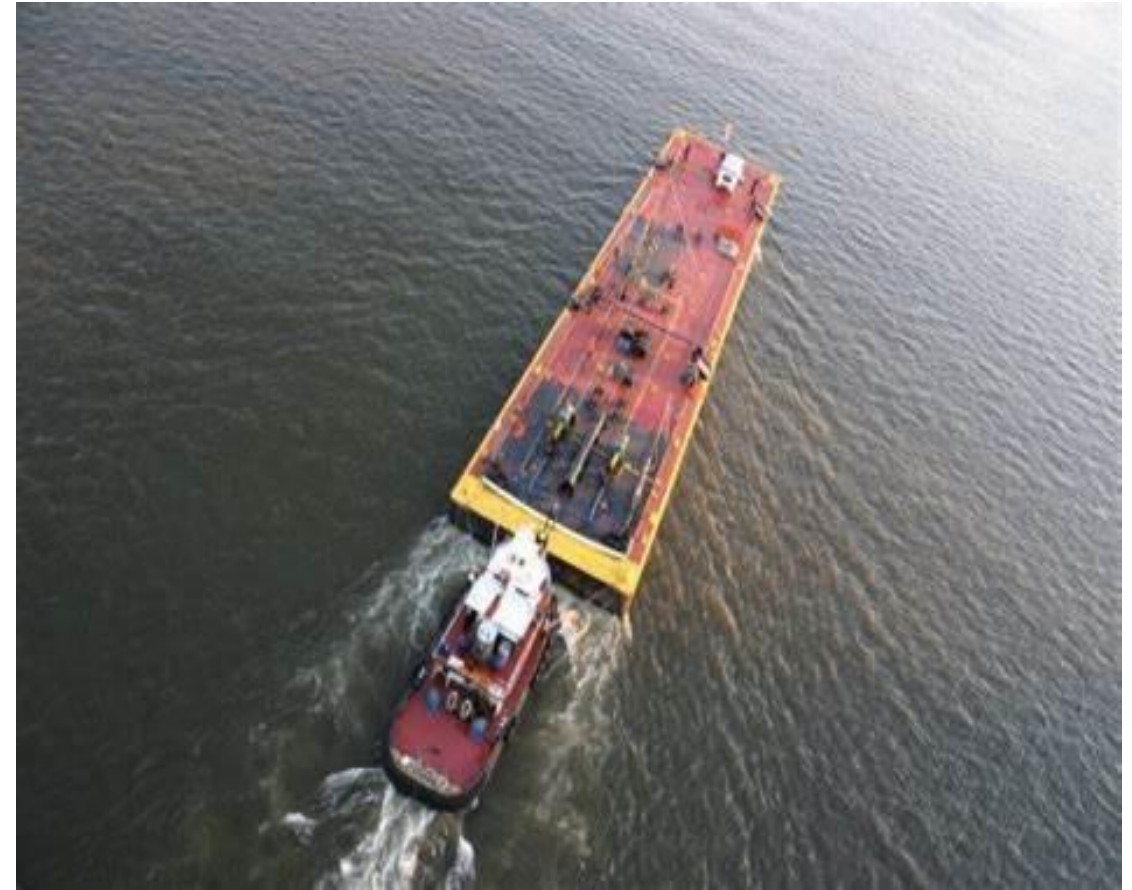


- **Ocean Transport**

- 2 tugboats
- 2 dry-bulk barges
- 49,000 deadweight tonnage

- **How does Kirby utilize ocean transport?**

- Kirby ocean transport operates a small fleet of dry-bulk barges and tugboats that primarily transport coal across the Gulf of Mexico from Luisiana to Florida.



Company Overview



- **Osprey Line**

- The Osprey line is a customized per project basis oversized equipment transportation.
- The Osprey line specializes in transportation of heavy equipment, military equipment and breakbulk cargo.
- Kirby Corp. pays special attention to these projects which require coordination and flexibility which are two of Kirby's competitive advantages!



Company Overview



- **San Jac Marine**

- San Jac Marine is a Marine construction company owned by Kirby Corp.
- San Jac Marine is based out of Channelview, Texas est. 1966 and builds
 - Tugboats and Towboats
 - Push Boats & Shift Boats
 - Inland & ABS Offshore Deck Barges
 - Inland Tank Barges & Pressure Barges
 - Custom Dry Docks
- San Jac Marine also specializes in repairs and maintenance of marine transportation equipment.



Company Overview-Subsidiaries :Distribution & Service



• **United Holdings LLC**

- United Holdings LLC is a collection of companies that "distributes and services engine and transmission products and manufactures oilfield service equipment through subsidiaries United Engines and UE Manufacturing."
- Thermo King is also part of United Holdings LLC they provide refrigeration and HVAC systems for many different shipping vehicles.
- [United Holdings LLC - Kirby Corporation](#)

• **Stewart & Stevenson LLC**

- Stewart & Stevenson LLC manufactures oil and gas service equipment for both onshore and offshore drilling.
- Their products range from hydraulic fracturing systems to high-capacity energy storage/ battery systems.
- S&S also has other divisions of their company that include: a rental business for equipment such as, refrigerator trailers and lift trucks, and a division that provides training on how to use manufactured and partner products.

Company Overview- Subsidiaries



- **Marine Systems, Inc**

- Marine Systems, Inc specializes in marine engines.
- MSI provides marine engine repair, marine engine sales, and marine engine parts.
- MSI is also an authorized dealer of EMD medium speed engines.

- **Engine Systems, Inc**

- ESI provides repairs and maintenance to critical standby diesel generators.
- ESI also specializes in "nuclear and commercial power generation applications, which include customer installations throughout the world."
- [Engine Systems](#)

Company Overview- Subsidiaries



- **Diesel Dash**

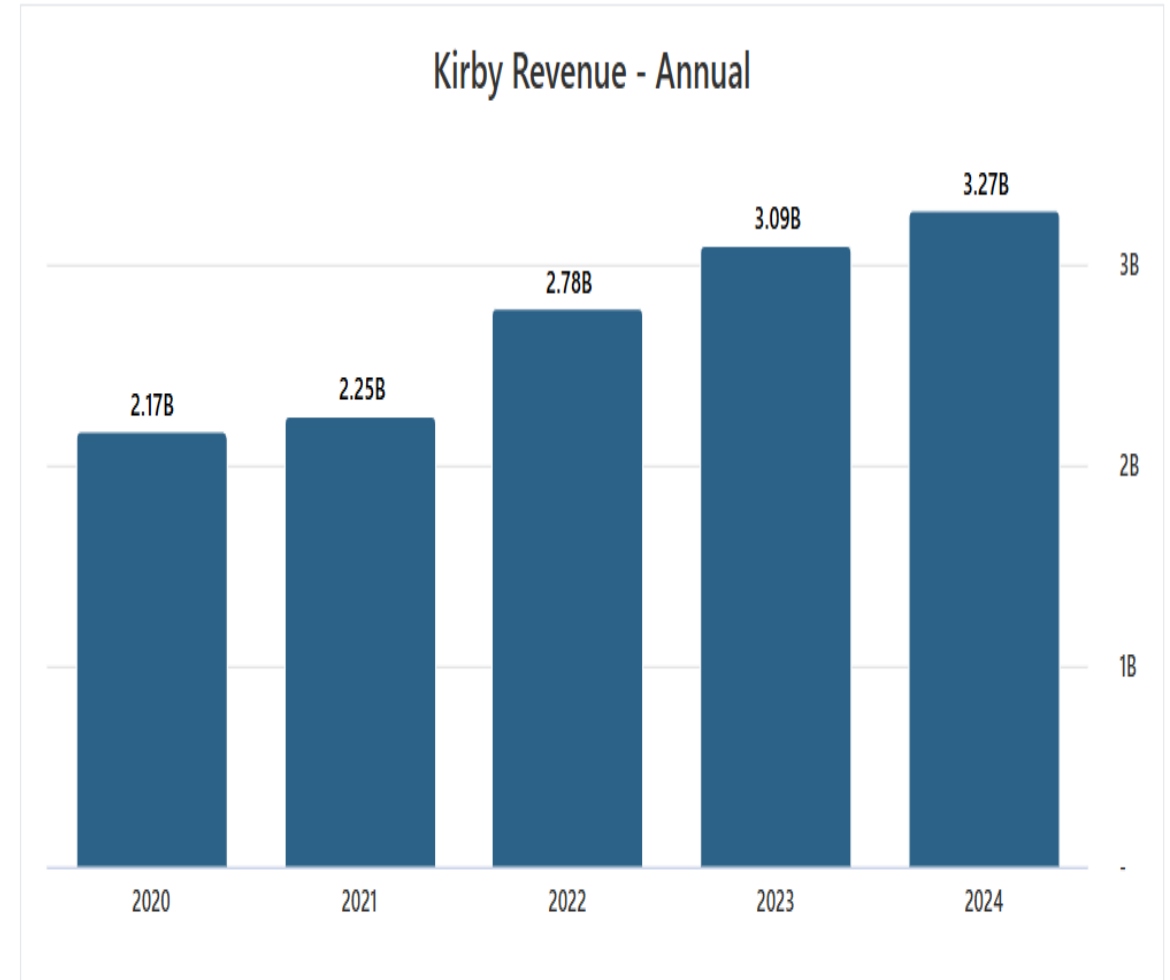
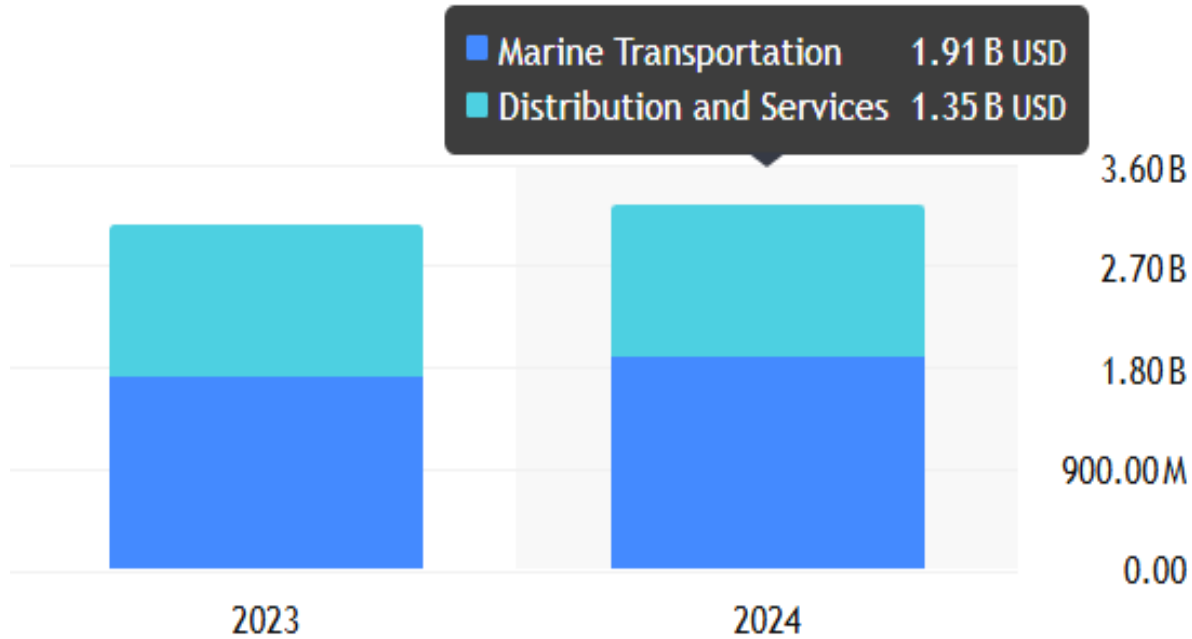
- Diesel Dash is an online parts store that carries many different manufacturers such as Allison, MTU, Detroit, etc.
- Diesel Dash only carries products of brands that are partners with Kirby Corp or are owned by Kirby Corp.



Revenue Breakdown



Students in Money Management



[Kirby Corporation Revenue Breakdown – NYSE:KEX – TradingView](#)

Tradingview.com

[Kirby Revenue 2015-2024](#)

stockanalysis.com



Financial Snapshot



Current Price	\$102.84
Dividend Payout Ratio	0.0%
52-week high	\$132.21
52-week low	\$86.02
Fully Diluted Shares Outstanding (in millions)	57.1

Enterprise Value (in millions)

Market Cap	\$5,875.2
Add: Total Debt	1,059.0
Add: Minority Interest	1.4
Less: Cash & S.T Investment	(74.4)
Enterprise Value	\$6,861.2

Capital Structure	Value	%
Debt	1,059.0	24.0%
Equity	3,353.0	76.0%
Total Capitalization	\$4,412.0	100.0%

- CEO- David W. Grzbenski
- Beta- 1.18
- D/E- .32
- P/E- 18.9

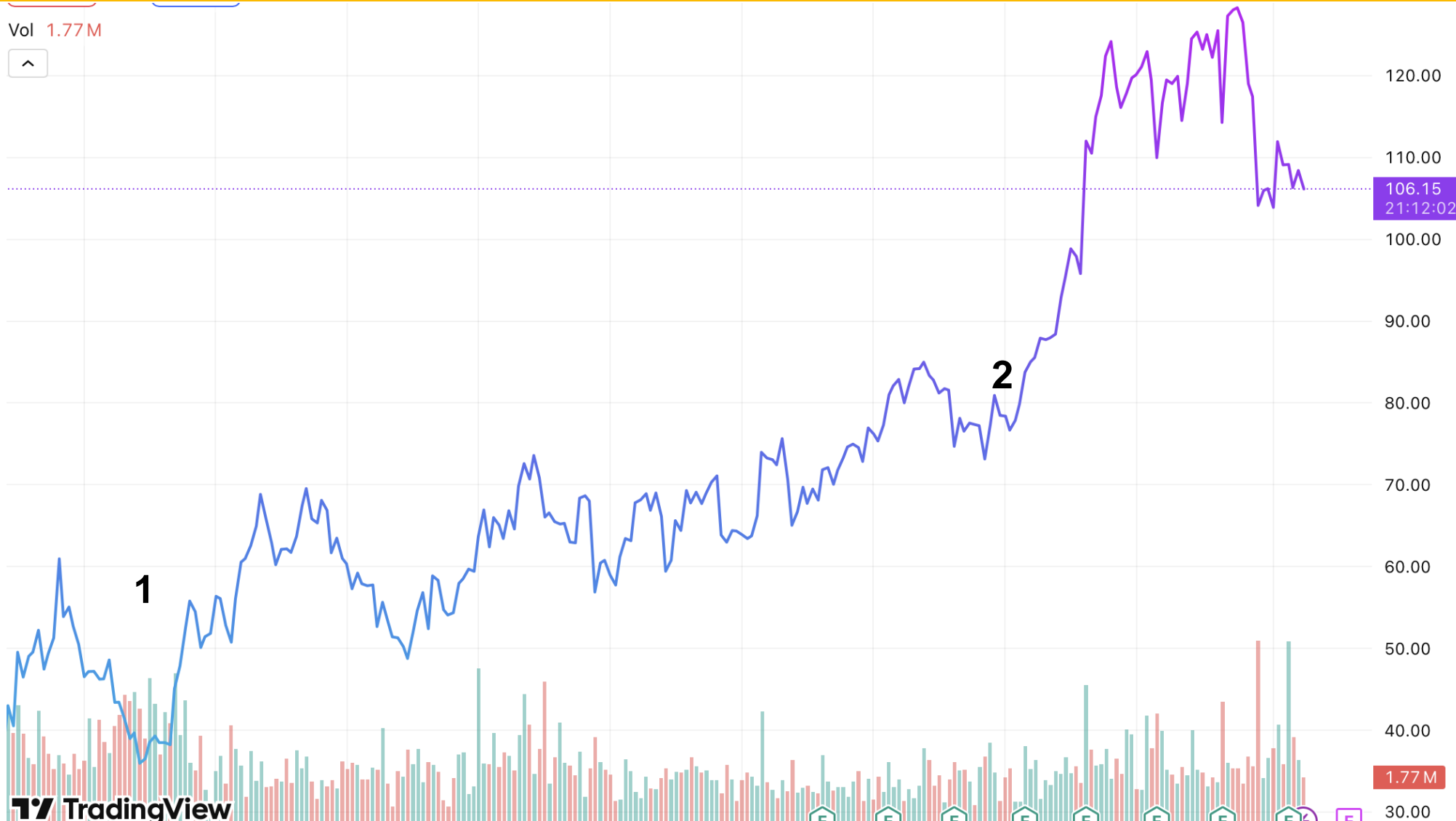
Financial Summary (in millions)				
	2021A	2022A	2023A	2024A
Revenue	\$2,247.0	\$2,785.0	\$3,092.0	\$3,266.0
YOY Growth		23.9%	11.0%	5.6%
EBIT	\$85.1	\$198.5	\$334.9	\$407.1
YOY Growth		133.2%	68.7%	21.6%
EBITDA	\$298.8	\$400.0	\$546.0	\$647.4
YOY Growth		33.8%	36.5%	18.6%
Net Income	(\$247.0)	\$122.3	\$229.9	\$286.7
YOY Growth		(149.5%)	88.0%	24.7%
Fully Reported EPS	(\$4.11)	\$2.03	\$3.74	\$4.95
YOY Growth		(149.4%)	84.2%	32.4%

- EPS is expected to grow 15% to 25%
- Revenue is expected to be \$3.47 billion in 2025
- Forward P/E - 12.91

Company Overview



Vol 1.77M



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TradingView



Bloomberg ESG Score

1. Environment: 5.95
2. Social: 4.59
3. Governance: 6.53

KEX is leading in all three ESG categories when compared to peers.



ESG Score: 5.84

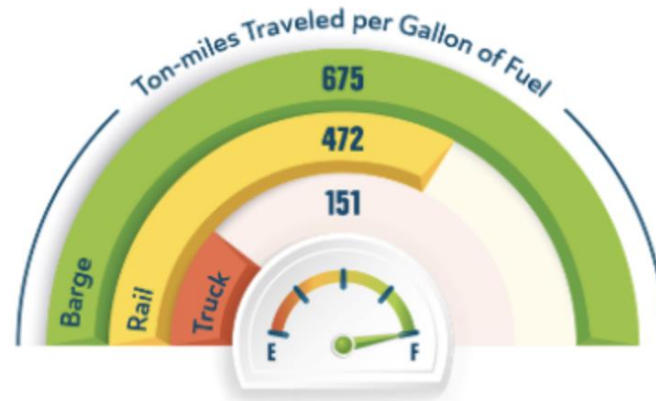
Environment



Goals:

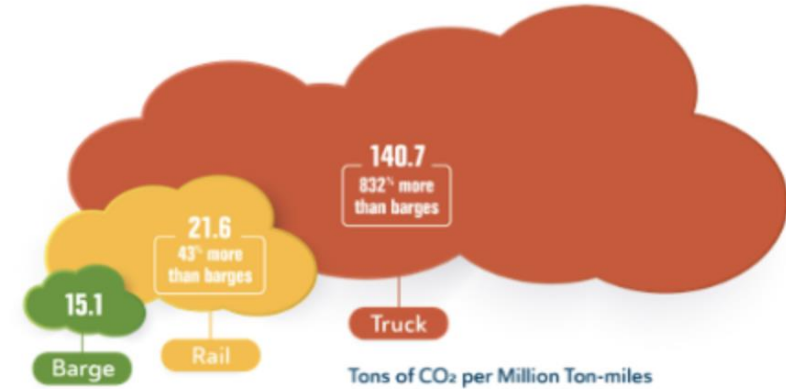
- 0 spills and releases
- Reduce emissions and waste generation
- Conduct business in a manner that protects that environment

Barges: Most Fuel Efficient



- A rail car is 30% less efficient than a barge
- A truck is 78% less efficient than a barge

Barges: Lower CO₂ Emissions



- To move an identical amount of cargo by rail generates 43% more carbon dioxide than by barge, and trucks generate over 800% more emissions.

Barges: Fewer Spills

- Inland waterways transport moves hazardous materials more safely.
- All transport modes continuously work hard to prevent accidents, human errors, and other causes of spills. Statistics for 2001-2019 show trucks have 239% and rail cars have 287% more incidents than barges.

Rate of Spills in Gallons per Million Ton-miles
(Spills over 1,000 gallons)



- **The Seamen's Church Institute**

- Kirby has donated more than \$1 million and provided a wheelhouse training simulator that provides navigational training to 1,600 mariners each year.



- **U.S. Coast Guard Foundation**

- Kirby has proudly supported this organization for more than 30 years.



- **Many Other Industry Associations and Foundations**

- National Coast Guard Museum, Waterways Council Inc., National Association of Manufacturers, and many others.



- **Ethics and Compliance**
 - Mandatory adherence to Business Ethics Guidelines; robust anti-corruption and human rights policies; strong non-retaliation policy for whistleblowers.
- **Human Rights Policies**
 - Addresses human trafficking, forced labor, and discrimination; 97% employee completion of human rights training (target 100% by EOY).



Section II. Industry Overview

Analyst(s): Ethan Kurnik



Brief Overview of Maritime

- What is Maritime?
 - Around 2400 companies
- Responsible for Approximately 80% of Global Shipping
- The Global Shipping Industry Alone is Valued at Over \$1.5 Trillion Annually
- Overall Goal of Decarbonization





Industry Competitors



Key Players Inside Maritime

- 80% of the Oceanic Shipping Market
- Largest Amount of Ships
- Leading the Competition by a Large Margin
- Constantly Expanding Their Industry

Company	Headquarters	Fleet Size	Approximate Market Share (2024)
Mediterranean Shipping Company (MSC)	Switzerland	~800 ships	~20%
Maersk	Denmark	~700 ships	~14%
CMA CGM	France	~600 ships	~13%
COSCO Shipping	China	~500 ships	~12%
Hapag-Lloyd	Germany	~250 ships	~7%
Evergreen Marine	Taiwan	~200 ships	~6%
ONE (Ocean Network Express)	Japan	~220 ships	~5%



Industry Outlook



Future of the Industry

- Ships with Larger Capacity
- Environmentally Friendly Shipping
- LNG Replacing Oil as Fuel
- Start of Ships Being Wind and Solar Powered



Industry Growth



Economic Contribution:

- 2021: U.S. marine economy contributed \$424.2 Billion
-> Nations GDP
- 2022: Contribution to GDP Increased to \$476.2 Billion
- On average, shipping is 1.8% Nations GDP

[noaa.gov](https://www.noaa.gov)

Industry Trends:

- 2024: Fleet expansion increased around 10%
- 2025: Expected increase of 5%
 - New vessels -> 5 Million TEU's (Twenty-Foot Equivalent Unit)
- NY and NJ are seeking a larger share in surging profits

[hillebrandgori.com](https://www.hillebrandgori.com)
[wsj.com](https://www.wsj.com)

Maritime Growth



Recent Growth/Loss:

- **2021-22'**: Maritime trade volumes had a slight decline of 0.4% due to geopolitical tensions and supply disruption
- **2023**: rebounded a 2.4% increase
- **2024**: around 2% growth rate

unctad.org

Future Projections:

- 2025 – 2032: Expected annual growth rate of between 2-4%

jUSDAGlobal.com
unctad.org



2021 Suez Canal Blockage:

Kirby Growth



Revenue Growth:

Q3 2024, Kirby reported revenues of **\$831.1 million**, a 9% increase from **\$764.8 million** in the same period of 2023

Earnings Per Share (EPS):

Q3 2024 was **\$1.55**, up from **\$1.05** in Q3 2023, marking a 48% year-over-year increase.

Annual Revenue:

Full Year 2024: Kirby's consolidated revenues reached **\$3.3 billion**, compared to **\$3.1 billion** in 2023
6.451% Increase



Business Growth:

- **Acquisition of Higman Marine, Inc. (2017)**
- **Acquisition of Stewart & Stevenson**
- **Entered the Offshore Oil and Gas Industry**



Kirby Growth



Company Competitive Comparison			
	Kirby Corp. (KEX) Q3 2024 (Barrels)		Matson Inc. (MATX) Q3 2024 (TEU's)
Market Share	19.62%		19.67%
Net Margin	8.78%		12.37%
Debt In Millions (Dec 31, 2024)	874.9		410.6
Debt-to-Equity	0.30		0.16
EPS (Earning per Share)	~ \$1.29		~ \$4.66
P/E Ratio	~ 18.9		~ 11.88
Total # of Ships	1122		29
Cargo Capacity	27.1 Million Gallons		65,747 TEU's

TEU
(Twenty-Foot Equivalent
Unit)

csimarket.com

marketbeat.com

investors.kirbycorp.com

gcaptain.com



Section III. Risks & Catalysts

Analyst(s): Sean Donoghue



- **ESG Investment Concerns**
 - Some investors may **view KEX as linked to high-emission industries**
 - Large funds focused on **Environmental, Social, and Governance (ESG) investing could divest**, negatively impacting share price
 - "Anti-green" policies could **hurt KEX's stock valuation if institutional investors pull out**
- **Margin Pressure and Cost Challenges**
 - Faced **rising operating costs**, including labor, fuel, and maintenance expenses, which have **compressed profit margins**.
 - The company's ability to pass these costs on through pricing increases has been **limited by contract terms and competitive market conditions**.
- **Changes to oil and gas exploration regulations**
 - Distribution & Services **oil and gas businesses could be impacted financially** with loss of business and revenue
 - **Low-cost feedstock** advantages for U.S. petrochemical companies could diminish, **reducing production and likely limit new petrochemical plant construction**

Catalysts



- **Pro-Oil & Gas Policies ("Drill, Baby, Drill")**
 - The Trump administration's **focus on expanding domestic energy production** could drive higher demand for oil, gas, and petrochemical shipments
 - Increased drilling means **more crude oil and refined products moving via barge**, boosting their core business
- **U.S. Withdrawal from the Paris Agreement (Announced January 20, 2025)**
 - **Fewer restrictions on fossil fuel production**
 - Directly benefits KEX as a major portion of its barge transport business depends on **oil, gas, and petrochemicals**
 - **Supports revenue growth with minimal additional costs**
- **Shareholder Returns & Debt Reduction**
 - Kirby has been **actively repurchasing shares and reducing debt**, demonstrating a commitment to enhancing shareholder value and maintaining a strong balance sheet.
 - Bought back **673,000 shares for \$51.9 million in 2024 Q4** and totaled **1,485,000 shares for a total of \$112 million on the year.**
- **Favorable Industry Dynamics**
 - **Energy Sector Growth:** Expanding **U.S. oil & gas production** drives more demand for **petroleum and petrochemical shipments.**
 - **Limited Competition & Pricing Power:** A highly consolidated industry allows Kirby to **negotiate favorable contract rates** and maintain strong utilization.



Section IV. Valuation

Analyst(s): Francis Zaklukiewicz and Keeghan Cummings

Analyst Recommendations



KEX

Firm	Analyst	Recommendation	Target Price	Date	1 Year Return
Stifel	Ben Nolan	Buy	135	2/11/2025	20%
Webber Research & Advisory	Greg Wasikowski	Outperform	135	2/6/2025	20%
Stephens	Daniel Imbro	Overweight	141	1/31/2025	3.30%
Evercore ISI	Jonathan Chappell	Outperform	140	1/30/2025	20%
BTIG	Gregory Lewis	Buy	140	1/30/2025	20%
Wolfe Research	Scott H Group	Outperform	124	1/30/2025	3.73%

Source: Bloomberg

Technical Analysis



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Comparable Analysis



Comparable Company Analysis

Company	Stock Price	Stock Performance	Stock Price	Market Value	Enterprise	EV / LTM			Margins / LTM			2023-24	Total Debt /	Price /	
	As of: 2/23/2025	YTD	52 Week Range	of Equity	Value	Sales	EBITDA	PE	Gross	EBITDA	EBIT	EPS Growth	EBITDA	Beta	Book
Matson Inc (MATX)	\$142.90	5.98%	\$100.5 - \$169.12	\$4,745.70	\$4,875.30	1.5x	5.6x	11.9x	23.0%	26.4%	14.5%	38.8%	0.46x	0.78	1.9x
Genco Shipping & Trading Limited (GNK)	\$14.15	1.5%	\$13.51 - \$23.43	\$605.0	\$652.0	1.5x	4.5x	9.0x	29.8%	34.5%	18.2%	243.8%	0.61x	1.06	0.7x
Pangaea Logistics Solutions Ltd (PANL)	\$5.20	(3.0%)	\$4.82 - \$8.63	\$337.8	\$579.8	1.1x	7.8x	14.0x	14.2%	14.3%	8.6%	(55.7%)	3.85x	0.96	0.7x
						Mean	1.4x	5.9x	11.6x	22.3%	25.1%	13.7%	0.8x	0.9x	1.1x
						Median	1.5x	5.6x	11.9x	23.0%	26.4%	14.5%	0.4x	1.0x	0.7x
Kirby Corporation (KEX)	\$102.84	(2.8%)	\$86.02 - \$132.21	\$5,874.8	\$6,860.7	2.1x	9.5x	18.9x	30.9%	22.1%	13.4%	48.8%	1.46x	1.16	1.8x

Source: SEC Filings 10K, 10Q and Yahoo Finance

Comparable Analysis



Comparable Company Analysis
(\$ in Millions, except per share data)

Company	Margins / LTM		
	Gross	EBITDA	EBIT
Matson Inc (MATX)	23.0%	26.4%	14.5%
Genco Shipping & Trading Limited (GNK)	29.8%	34.5%	18.2%
Pangaea Logistics Solutions Ltd (PANL)	14.2%	14.3%	8.6%
	22.3%	25.1%	13.7%
	23.0%	26.4%	14.5%
Kirby Corporation (KEX)	30.9%	22.1%	13.4%

Comparable Company Analysis
(\$ in Millions, except per share data)

Company	2023-24 EPS Growth	Total Debt / EBITDA	Beta	Price / Book
Matson Inc (MATX)	38.8%	0.46x	0.78	1.9x
Genco Shipping & Trading Limited (GNK)	243.8%	0.61x	1.06	0.7x
Pangaea Logistics Solutions Ltd (PANL)	(55.7%)	3.85x	0.96	0.7x
	0.8x		0.9x	1.1x
	0.4x		1.0x	0.7x
Kirby Corporation (KEX)	48.8%	1.46x	1.16	1.8x

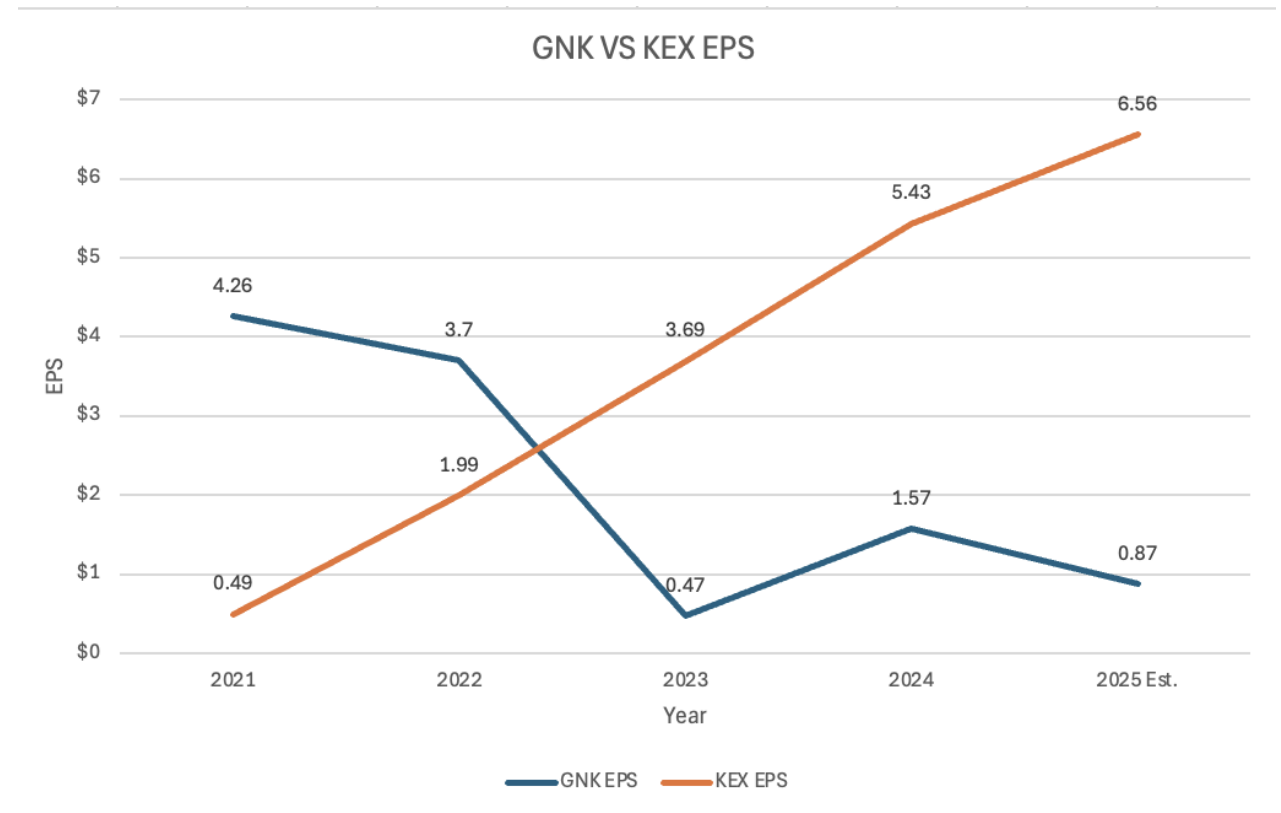
1. KEX boasts a gross margin of 30.9%, the highest among peers, signaling **operational efficiencies**
2. KEX's prudent capital structure supports ongoing investments in fleet expansion and modernization, positioning it well for **long-term growth**

Comparable Analysis



Column1	2021	2022	2023	2024	2025 est
KEX EPS	0.49	1.99	3.69	5.43	6.56
GNK EPS	4.26	3.7	0.47	1.57	0.87

3. KEX's EPS growth of 48.8% outperforms the peer group, with only Genco Shipping (GNK) surpassing this figure due to its smaller base. This growth underscores KEX's successful **execution of strategic initiatives and resilience in volatile markets**





Section V. Investment Thesis

Analyst(s): Joe Kwiatkowski

Recommendation



Key Reasons to Buy KEX

1. Market Leadership & Industry Position

- Kirby is the **largest inland and offshore tank barge operator in the U.S.**, transporting **24.2 million barrels of capacity** across major waterways like the Mississippi River and the Gulf Intracoastal Waterway.
- The company benefits from **high barriers to entry** due to **regulatory constraints and capital-intensive operations**, limiting new competition.
- The company **services critical industries**—petrochemicals, oil, agriculture, and manufacturing—which ensures stable demand.

2. Strong Financial Performance

- **Revenue Growth:** Q3 2024 revenue was **\$831.1M**, a **9% YoY increase**. Full-year revenue is projected to reach **\$3.47 billion in 2025**.
- **EPS Growth:** EPS rose **48% YoY**, from **\$1.05 in Q3 2023 to \$1.55 in Q3 2024**.
- **Gross Margin:** **30.9%**, the **highest among peers**, showing operational efficiency and pricing power.
- **Share Buybacks:** Kirby repurchased **1.48M shares for \$112M in 2024**, demonstrating **management confidence in future growth**.

3. Favorable Industry Outlook

- The **U.S. marine economy contributed \$476.2 billion to GDP in 2022**, showing the sector's strength and resilience.
- **Industry growth is projected at 2-4% annually** through 2032, with increasing demand for liquid bulk transport.
- Expansion in **U.S. energy production** and **global chemical exports** is driving **higher demand for Kirby's services**.

4. Competitive Advantage & Limited Downside

- **Limited Competition:** Kirby has a **dominant market share** in the inland barge sector, with **over 1,094 active tank barges and 281 towing vessels**.
- **Pricing Power:** The company's **long-term contracts** help mitigate short-term market volatility.
- **Low Debt Levels:** **Debt-to-equity (D/E) ratio is 0.32**, indicating **strong financial stability**.



Recommendation



Recommendation

Investment Allocation: \$1,500 from \$5,000 Sector Budget

Introduction

We propose a **\$1,500 investment in Kirby Corporation (NYSE: KEX)** as part of our sector allocation. Kirby is the **largest domestic tank barge operator** in the U.S., specializing in the transportation of bulk liquid products such as petrochemicals, refined products, and agricultural chemicals. The company also has a **diverse revenue base** with its **Distribution & Services segment**, which provides after-market service parts and industrial equipment.

Given its **strong financial performance, industry dominance, and growth catalysts**, KEX presents a **compelling opportunity for capital appreciation** within our portfolio.

Investment Recommendation: Buy KEX & Allocate \$1,500

Why \$1,500?

- **High Conviction Investment:** Kirby's **EPS growth (+48%)** and **strong revenue outlook (+9%)** suggest further stock appreciation.
- **Balanced Risk Allocation:** While 30% of our \$5,000 sector allocation is significant, **KEX's financial strength and industry dominance reduce downside risk.**
- **Strategic Long-Term Hold:** The **U.S. energy sector growth** and **limited industry competition** make Kirby a **long-term winner.**

Kirby Corporation is a **market leader with a proven track record, strong financial growth, and high-margin operations** in a **critical transportation sector**. Given its **growth potential, limited competition, and strong earnings momentum**, we recommend allocating \$1,500 to KEX as part of our sector strategy.

✔ Vote to Buy KEX & Invest \$1,500! ✔