



KIRBY CORPORATION

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FOR IMMEDIATE RELEASE

KIRBY CORPORATION ANNOUNCES RECORD SECOND QUARTER 2001 RESULTS

- Second quarter earnings per share were a record \$0.44 versus \$0.40 a year ago
- EBITDA per share rose to \$1.44 for the second quarter and \$2.64 for the six months period
- 2001 year earnings per share guidance tightened to \$1.50 - \$1.55 from \$1.45 - \$1.55 per share
- Walter E. Johnson, Chairman of Southwest Bank of Texas, appointed to serve on Board of Directors

Houston, Texas (July 19, 2001) -- Kirby Corporation ("Kirby") (NYSE:KEX) reported that for the second quarter ended June 30, 2001, net earnings were a record \$10,764,000, or \$0.44 per share diluted, compared with \$9,880,000, or \$0.40 per share diluted, in the second quarter a year ago. EBITDA per share was a record \$1.44 in the 2001 second quarter compared with \$1.41 in the same quarter last year. Record second quarter revenues were \$147,622,000 compared with \$130,208,000 in the second quarter of 2000.

The record net earnings per share results for the 2001 second quarter exceeded Kirby's published guidance of \$0.38 - \$0.42 per share. The second quarter benefited from strong refined products, black oil and liquid fertilizer markets. However, continued softness in the chemical and petrochemical market, Kirby's largest market, partially offset the strength in the other transportation markets. The second quarter results also reflect the leasing, and dedicated employment, of 94 inland tank barges from a subsidiary of the Dow Chemical Company ("Dow") in February 2001.

Kirby's 2001 second quarter also benefited from lower interest expense, resulting from a \$29 million reduction in outstanding debt since the beginning of the year, and lower

market interest rates. As of June 30, 2001, Kirby's debt-to-capitalization ratio was 48.2 percent, down from 50.4 percent as of March 31, 2001, and 55.5 percent as of June 30, 2000.

The marine transportation segment reported an operating margin of 17.3 percent in the 2001 second quarter compared with the 19.1 percent margin earned during the second quarter last year. The reduced 2001 second quarter operating margin reflected the lower-margin Dow Union Carbide movements and product mix changes (lower volumes of higher-margin chemicals and petrochemicals versus higher volumes of lower-margin refined products and liquid fertilizer).

The diesel engine services segment reported higher revenue of \$22,729,000 compared with \$18,268,000 in the second quarter last year. Operating profits for the 2001 second quarter were \$2,176,000 compared with \$1,945,000 for last year's second quarter. These improvements reflect the acquisition in the 2000 fourth quarter of two diesel service companies as well as favorable market conditions in the Gulf Coast drilling and offshore supply vessel markets.

For the first six months ended June 30, 2001, record net earnings were \$17,519,000, or \$0.72 per share diluted, compared with \$15,947,000, or \$0.65 per share diluted, for the first six months of 2000. EBITDA per share was \$2.64 for the first six months of 2001 compared with \$2.55 per share for the same period last year. Record revenues of \$280,750,000 for the six months ended June 30, 2001 were nine percent higher than the \$256,664,000 for the same period last year.

Joe Pyne, Kirby's President and Chief Executive Officer, commented, "There are a number of economic stimulants, such as reduced energy costs, lower interest rates, and the near-term effect of the federal tax rebate, which could have a positive impact on the economy in the future. However, volumes from our core chemical and petrochemical business have been weak for several quarters. On the basis of our record first half results and current economic activity, we are tightening our 2001 earnings guidance to \$1.50 - \$1.55 per share from the prior guidance of \$1.45 - \$1.55 per share. For the 2001 third quarter, we anticipate net earnings per share diluted in the range of \$0.40 - \$0.44 per share."

Kirby also announced today that at the regularly scheduled Board of Directors meeting on July 17, 2001, Walter E. Johnson was appointed to serve on Kirby's Board. Mr. Johnson is Chairman of Southwest Bank of Texas, Houston's largest independent bank. Mr. Johnson founded the bank in 1990, after serving as President and Chief Executive Officer of Allied Bank of Texas for 18 years. Allied Bank was sold in 1989 to First Interstate Bank of California.

Kirby has scheduled a conference call at **10:00 a.m. central time today**, July 19, 2001 to discuss the 2001 second quarter and first six months results, as well as update the 2001 third quarter and year outlook. The conference call number is 800-593-8930 for domestic callers and 630-395-0031 for international callers. The pass code is Kirby and the leader's name is Steve Holcomb. An audio playback will be available starting at approximately 12:00 p.m. central time on July 19 through 5:00 p.m. central time on Friday, July 27, 2001, by dialing 800-944-1519 for domestic callers and 402-220-5195 for international callers.

The second quarter results conference call will also be available **online** at www.videonewswire.com/event.asp?id=169. The web cast will begin at 10:00 a.m. central time, with a replay available beginning approximately two hours after completion of the call. The replay will be available through Friday, August 17, 2001.

Kirby Corporation, based in Houston, Texas, operates 871 tank barges, with 15.6 million barrels of capacity, and 215 towing vessels, transporting chemical, petrochemicals, refined petroleum products, black oil and agricultural chemicals throughout the United States' inland waterway system. Through its diesel engine services segment, Kirby provides after-market service for large medium-speed diesel engines used in marine, power generation, industrial, nuclear and rail applications.

Statements contained in this press release 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. A list of additional risk factors can be found in Kirby's annual report on Form 10-K for the year ended December 31, 2000, filed with the Securities and Exchange Commission.

-- Tables Follow --

A summary of the results for the second quarter and first six months are set forth below.

	Condensed Statements of Earnings			
	Second Quarter		Six Months	
	2001	2000	2001	2000
(unaudited, \$ in thousands except per share amounts, consolidated basis)				
Revenues by reportable segment:				
Marine transportation.....	\$ 124,893	\$ 111,940	\$ 236,844	\$ 219,442
Diesel engine services.....	<u>22,729</u>	<u>18,268</u>	<u>43,906</u>	<u>37,222</u>
	<u><u>\$ 147,622</u></u>	<u><u>\$ 130,208</u></u>	<u><u>\$ 280,750</u></u>	<u><u>\$ 256,664</u></u>
Operating profits by reportable segment:				
Marine transportation.....	\$ 21,642	\$ 21,350	\$ 37,392	\$ 36,380
Diesel engine services.....	<u>2,176</u>	<u>1,945</u>	<u>4,405</u>	<u>3,982</u>
	23,818	23,295	41,797	40,362
Equity in earnings of marine affiliates.....	1,099	804	1,815	1,641
Gain on sale of assets	102	1,019	115	1,068
Other expense.....	(192)	(95)	(665)	(251)
General corporate expenses.....	(2,073)	(1,837)	(3,714)	(3,488)
Merger related charge.....	—	(482)	—	(482)
Interest expense.....	<u>(4,510)</u>	<u>(5,964)</u>	<u>(9,654)</u>	<u>(11,827)</u>
Earnings before taxes on income	18,244	16,740	29,694	27,023
Provision for taxes on income.....	<u>(7,480)</u>	<u>(6,860)</u>	<u>(12,175)</u>	<u>(11,076)</u>
Net earnings	<u><u>\$ 10,764</u></u>	<u><u>\$ 9,880</u></u>	<u><u>\$ 17,519</u></u>	<u><u>\$ 15,947</u></u>
Earnings per share of common stock:				
Basic.....	\$ 0.45	\$ 0.40	\$ 0.73	\$ 0.65
Diluted.....	\$ 0.44	\$ 0.40	\$ 0.72	\$ 0.65

Common stock outstanding:				
Basic.....	24,054		24,021	24,509
Diluted.....	24,273	24,524	24,184	24,673
		24,751		

Supplemental Information

	Second Quarter		Six Months	
	2001	2000	2001	2000
(unaudited, \$ in thousands except per share and per gallon amounts, condensed and consolidated basis)				
Operating margins:				
Marine transportation.....	17.3%	19.1%	15.8%	16.6%
Diesel engine services.....	9.6%	10.6%	10.0%	10.7%
EBITDA:				
Earnings before taxes on income.....	\$ 18,244	\$ 16,740	\$ 29,694	\$ 27,023
Interest expense.....	4,510	5,964	9,654	11,827
Depreciation and amortization.....	12,292	11,754	24,385	23,515
Merger related charge.....	—	482	—	482
	<u>\$ 35,046</u>	<u>\$ 34,940</u>	<u>\$ 63,733</u>	<u>\$ 62,847</u>
EBITDA per share – diluted	\$ 1.44	\$ 1.41	\$ 2.64	\$ 2.55
Capital expenditures	\$ 14,585	\$ 14,791	\$ 29,857	\$ 28,102
Average cost per gallon of fuel consumed ...	\$.80	\$.78	\$.82	\$.79
Long-term debt, including current portion.....			\$ 264,104	\$ 318,939
Stockholders' equity			\$ 283,287	\$ 255,845
Debt to capitalization ratio			48.2%	55.5%

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