



Barging into the AI Boom, Backed by an Armada

Following a record 2025 in which Kirby reported full year EPS of \$6.33 and generated \$406 million in free cash flow Kirby Corporation, the company enters 2026 with improving inland barge utilization, a growing power generation backlog, and dominant positioning across U.S. inland waterways protected by the Jones Act. Despite the stock falling 7% following Q4 earnings on a revenue miss and cautious near-term outlook, we view this as a buying opportunity as the market underweights Kirby's dual exposure to petrochemical infrastructure and data center power demand. **We rate KEX a BUY with a price target of \$173.80, implying 15.4% upside from current levels.**

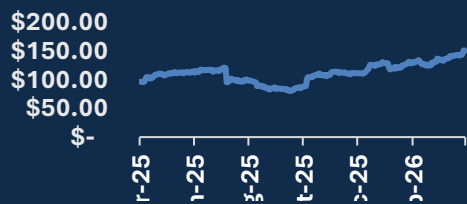
Thesis Point 1 Kirby is well-positioned to benefit from the growing power demand. Kirby Corporation is positioned to benefit from a concentration of data center investment happening directly within its core operating territory. Over \$50 billion in announced data center projects across Mississippi, Louisiana, and Arkansas sit along the same inland waterway system that Kirby dominates as the largest tank barge operator in the United States. This geographic overlap is not a coincidence. These states were chosen for data center development partly because of existing industrial infrastructure, the same infrastructure Kirby has served for decades. What makes this compelling from an investment standpoint is that Kirby's Distribution and Services segment holds exclusive rights to distribute and service MTU power generation equipment, which is one of the leading backup power solutions used in data centers. This means Kirby could potentially benefit twice. Once through cheaper freight logistics during construction, and again through equipment sales and ongoing service contracts once facilities are operational. No other company in the region offers both. Kirby has not announced any specific data center contracts. This remains an opportunity the market does not appear to be pricing in. The upside depends entirely on Kirby's ability to win and scale these contracts, which is not guaranteed, but the regional footprint and dual-segment structure give them a credible path to competing.

Thesis Point 2 Kirby Corporation is uniquely positioned to capture growth in U.S. petrochemical and natural gas liquids transportation. Much of this production occurs along inland waterways and Gulf Coast export terminals, which Kirby's fleet dominates. The marine freight sector has grown steadily, driving increased demand for cost-efficient and environmentally sustainable transport solutions. Kirby operates at the intersection of both needs as the largest inland and coastal tank barge operator in the United States. The company's scale, fleet, and network provide a structural competitive advantage. Kirby owns the largest U.S.-flagged tank barge fleet, and its routes overlap directly with major petrochemical production regions and export terminals. The Jones Act further limits foreign competition, supporting pricing power. Barge transport is more cost-efficient and produces fewer emissions than rail or truck, giving Kirby a natural edge in moving bulk liquid petrochemicals over long distances. Management commentary supports these fundamentals. Executives noted that inland barge utilization strengthened and coastal fundamentals remained solid, with limited vessel availability supporting pricing. They also highlighted that long-term customer demand and limited new vessel construction underpin favorable market conditions. While short-term variability can occur, Kirby's scale, fleet coverage, and operational positioning give it a durable foundation to benefit from the continued growth of petrochemical and natural gas liquids transportation.

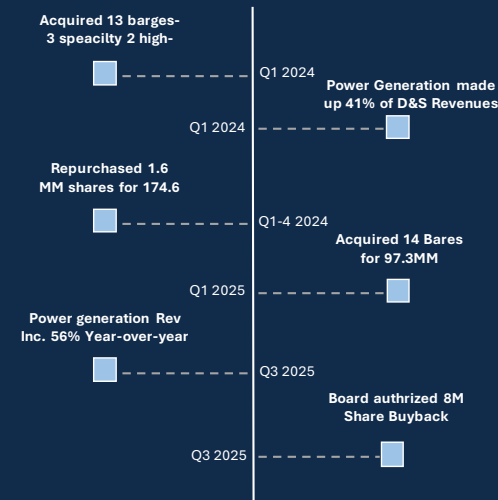
Company Overview Kirby Corporation (NYSE: KEX) is the largest domestic tank barge operator in the United States, transporting bulk liquid commodities across the inland waterway system and along the Gulf Coast. The company operates through two segments: Marine Transportation and Distribution & Services. The Marine Transportation segment moves petrochemicals, natural gas liquids, refined petroleum products, and agricultural chemicals via inland and coastal waterways. Kirby's fleet covers the Gulf Coast and major river systems, including the Mississippi, Ohio, and Tennessee, with direct exposure to the heart of U.S. petrochemical production and export infrastructure. The Jones Act restricts foreign competition on domestic waterways, providing structural pricing support and a natural barrier to entry. The Distribution & Services segment sells and services diesel engines, transmissions, and power generation equipment across industrial, commercial, and oil and gas end markets. Kirby holds exclusive distribution rights for MTU power generation equipment, one of the leading backup power solutions across industrial and commercial applications. Headquartered in Houston, Texas, Kirby generates the majority of its revenue from long-term customer relationships built around mission-critical logistics infrastructure that is difficult and expensive to replicate.

TICKER:	\$KEX
RATING:	BUY
PRICE:	\$150.60
PRICE TARGET:	\$173.80
MARKET CAP:	\$8.075bn
52-W RANGE:	\$79.52 - \$152.36
NTM P/E:	21.9x
IMPLIED UPSIDE:	15.4%

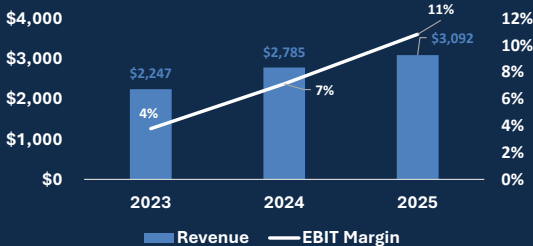
1 Year Price History



Recent Events Timeline



EBIT Margin with Annual Revenue



Risk 1 The D&S segment is being supported by strong growth in power generation, but that strength is masking ongoing weakness in the oil and gas side of the business. Power generation revenue increased 47% year-over-year in Q4 2025, while oil and gas revenue declined 45%, reflecting continued softness in frac and other traditional activity. At the same time, oil and gas has fallen to roughly 8% of segment revenue, highlighting the ongoing shift away from legacy markets. Despite this, the segment still posted negative revenue growth in 2025, and if oil and gas weakness continues to outpace the ramp in newer demand, the segment could see further periods of negative growth even as the broader transition story plays out.

Risk 2 The current strength in petrochemical-related demand is tied to favorable global supply conditions that may not last. If a lasting peace deal leads to the reopening of the Strait of Hormuz and the return of Middle Eastern production, the pricing advantage for US producers would narrow. Gulf Coast plants would likely pull back from peak output, reducing marine volumes. In that case, the demand tailwind supporting 2026 would prove temporary and could fade before Kirby secures a meaningful portion of that volume through long-term contracts.

Catalysts A key near-term catalyst is the announcement of a large power generation contract within the D&S segment. Management has highlighted strong demand in power-related end markets but has not yet disclosed any major new customer wins tied to that growth. A named contract, particularly with a large commercial or industrial customer, would provide tangible evidence that demand is translating into secured revenue. That type of disclosure would give investors more confidence in the durability of segment growth and could support a reassessment of the segment's valuation. The Q1 2026 earnings release on April 30th will offer an important update on marine segment fundamentals, particularly utilization and pricing trends tied to petrochemical demand. Strong inland utilization and firmer spot rates would support the view that underlying demand conditions are improving. These trends are also sensitive to broader global petrochemical supply dynamics, including potential changes in Middle Eastern export flows through the Strait of Hormuz, which can influence pricing and trade patterns. As one of the first concrete data points of the year, the release would help validate whether recent strength in volumes and rates is sustained in practice, reducing uncertainty around near-term performance.

Valuation

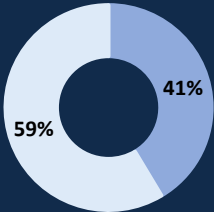
DCF Analysis (\$mm)							
	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031
	12/31/2025	12/31/2026	12/31/2027	12/30/2028	12/30/2029	12/30/2030	12/31/2031
Stub		0.32	1.32	2.32	3.32	4.32	5.32
Discount Period		0.34	1.18	2.18	3.18	4.18	5.18
Revenue	3,266	3,456	3,658	3,903	4,199	4,553	4,978
Revenue Growth	6%	6%	6%	7%	8%	8%	9%
Distribution and	1,353	1,448	1,549	1,673	1,823	2,006	2,226
Marine Transpor	1,913	2,009	2,109	2,230	2,375	2,548	2,751
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EBIT	407	460	476	527	588	660	747
EBIT Margin	12%	13%	13%	14%	14%	15%	15%
Tax Expense	76	80	105	116	129	145	164
Effective Tax Ra	19%	17%	22%	22%	22%	22%	22%
NOPAT	331.22	380.01	370.92	411.00	458.50	514.97	582.39
D&A	240	260	256	283	315	353	398
Capex	343	250	256	244	231	216	199
Changes in NWC	(165)	(155)	(165)	(122)	(73)	(17)	50
UFCF	394	545	536	572	616	669	732
PV of FCF		533	494	494	497	504	516

Our base case assumes a 9.0x EV/EBITDA exit multiple with a 6.99% WACC, yielding an implied share price of \$173.80 against a current price of \$150.60, representing a 15.4% return. We project revenue growing from \$3.5 billion in 2026 to \$5.0 billion by 2031, with EBIT margins expanding from 13.3% to 15.0% as both segments scale. Reference the appendix for our downside and upside case assumptions.

Conclusion

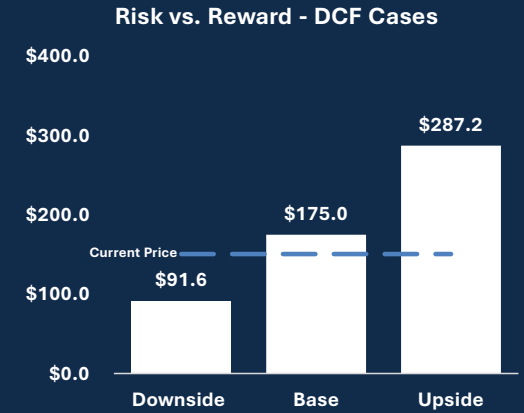
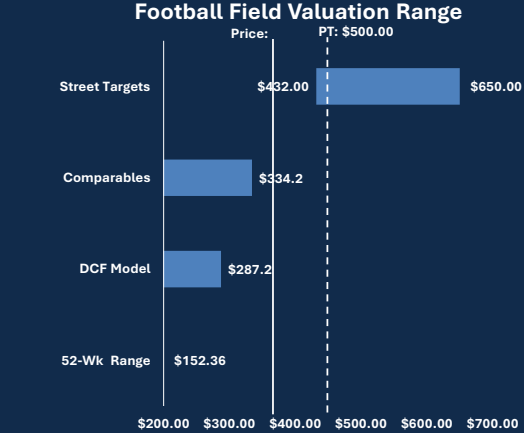
We rate Kirby a BUY, as we view the current price as undervaluing both the structural tightening in inland marine and the early-stage power generation opportunity within its core operating territory. Kirby's dominant fleet, Jones Act protections, and exclusive MTU distribution rights position it to compound earnings through 2031. Our \$173.80 price target implies approximately 15.4% upside from current levels.

Revenue Segments



■ Distribution and Services
■ Marine Transportation

Exit Multiple Method	
2034 EBITDA	\$1,145
EV/EBITDA Exit Multiple	9.0x
Terminal Value	\$10,304
PV of Terminal Value	\$7,260
PV of Projection Period	\$3,037
PV of Terminal Value	\$7,260
Implied TEV	\$10,297
(-) Debt	\$1,056
(+) Cash	\$79
Implied Equity Value	\$9,319
Diluted Shares Outstanding	54



Income Statement (\$mm)	2025A	2026E	2027E	2028E	2029E	CAGR%
Revenue	3,266	3,456	3,658	3,903	4,199	6.5%
EBITDA	647	720	732	810	903	8.7%
EBIT	407	460	476	527	588	9.6%
NOPAT	331	380	371	411	458	8.5%
Margin & Growth Data	2025A	2026E	2027E	2028E	2029E	AVG%
EBITDA Margin	19.8%	20.8%	20.0%	20.8%	21.5%	20.6%
EBIT Margin	12.5%	13.3%	13.0%	13.5%	14.0%	13.3%
Revenue Growth	5.6%	5.8%	5.8%	6.7%	7.6%	6.3%
EBIT Growth	21.6%	13.0%	3.4%	10.8%	11.6%	12.1%
Valuation Metrics	2025A	2026E	2027E	2028E	2029E	AVG%
P/CF	20.5x	14.8x	15.1x	14.1x	13.1x	15.5x
EV/Sales	2.8x	2.6x	2.5x	2.3x	2.2x	2.5x
EV/EBITDA	14.0x	12.6x	12.4x	11.2x	10.0x	12.0x
FCF Yield	4.9%	6.7%	6.6%	7.1%	7.6%	6.6%

Comparable Companies

\$mm

Ticker	Mkt Cap	EV	P/E LTM	Revenue LTM	EBITDA LTM
□ MATSON, INC. (XNYS:MATX)	\$5,385	\$5,970	12.4x	\$3,345	\$644
□ XPO, INC. (XNYS:XPO)	\$26,813	\$30,671	86.2x	\$8,157	\$1,256
□ OLD DOMINION FREIGHT LINE, INC. (X	\$46,528	\$46,550	46.6x	\$5,496	\$1,057
□ GENCO SHIPPING & TRADING LIMITED	\$1,047	\$1,188	-228.7x	\$338	\$61
■ KIRBY CORPORATION (XNYS:KEX)	\$7,660	\$8,719	23.8x	\$3,364	\$774

Ticker	LTM EV/EBITDA	Gross Margin	EBITDA Margin	EBIT Margin	1 Yr Rev Growth	Rate LF
□ MATSON, INC. (XNYS:MATX)	9.3x	22.8%	19.3%	14.3%		(2.3%)
□ XPO, INC. (XNYS:XPO)	24.4x	18.4%	15.4%	9.0%		1.1%
□ OLD DOMINION FREIGHT LINE, INC. (X	44.0x	39.0%	31.4%	24.8%		(5.5%)
□ GENCO SHIPPING & TRADING LIMITED	19.5x	35.7%	17.8%	2.4%		(19.1%)
■ KIRBY CORPORATION (XNYS:KEX)	11.3x	34.1%	23.0%	15.2%		3.0%

High	44.04x	39.0%	31.4%	24.8%	3.0%
75th Percentile	24.42x	35.7%	23.0%	15.2%	1.1%
Average	21.70x	30.0%	21.4%	13.1%	-4.6%
Median	19.51x	34.1%	0.0%	14.3%	-2.3%
25th Percentile	11.27x	22.8%	17.8%	9.0%	-5.5%
Low	9.27x	18.4%	15.4%	2.4%	-19.1%

■ KIRBY CORPORATION (XNYS:KEX)

Implied Enterprise Value (25th Percentile)	\$	8,719
Implied Enterprise Value (Median)	\$	15,094
Implied Enterprise Value (75th Percentile)	\$	18,896

Implied Share Price (25th Percentile)	\$	144.37
Implied Share Price (Median)	\$	263.27
Implied Share Price (75th Percentile)	\$	334.16

Weighted Average Cost of Capital (\$mm)	
Market Risk Premium	4.33%
Beta	0.86
Risk Free Rate	4.31%
Cost of Equity	6.01%
Weighted Average Cost of Debt	5.00%
Tax Rate	22.00%
Cost of Debt	0.98%
Total Equity	\$8,075
Total Debt	\$977
Equity/Total Capitalization	74.88%
Debt/Total Capitalization	25.12%
WACC	6.99%

Downside Case: Our downside case assumes a 7.0x exit multiple with Distribution and Services growing from 3.0% to 6.0% and Marine Transportation from 2.0% to 4.0% by 2031, reflecting slower power generation adoption and weakening petrochemical demand. EBIT margins expand modestly from 8.0% to 10.0%.

Upside Case: Our upside case assumes an 11.0x exit multiple with Distribution and Services growing from 12.0% to 14.0% and Marine Transportation from 9.0% to 11.0% by 2031, driven by accelerating power generation contract wins and continued inland barge tightening. EBIT margins expand from 17.0% to 19.0%.

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