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Kirby Corporation Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Jonathan Chappell – JP Morgan.

Jonathan Chappell – JP Morgan

Joe, I wanted to ask a question about the industry capacity and you've highlighted that you're doing some early retirements and what not. Are others being as proactive and removing capacity from the market? And, at the same time, have you seen any new build cancellations or anything like that given the tough banking markets right now?

Joseph H. Pyne

We frankly don't know. I think [Jeff Boat and ACL's earnings announcement said that they were continuing to build tank barges. Truthfully, any barge added to capacity right now is a barge that is just going to get tied up because it's not going to be absorbed based on these volume levels. I would expect capacity to go out.

We have a lot of mature capacity that operators will have to make maintenance decisions around. About a third of the fleet is 30 years or older. But, this is not the time to be adding capacity to your fleet, this is the time as you correctly noted to be taking capacity out.

Jonathan Chappell – JP Morgan

Then, my follow up question, I think I might have asked this last quarter or maybe two quarters ago too, Kirby is clearly in a good financial position to weather a weaker volume environment and weaker credit environment as well. Have you seen any distressed sellers, any assets coming across your desk that may be attractive right now? I know you just said it's not the time to be getting barges but, at the right price to have this financial strength to be buying at the trough of the market may be good for the long term.

Joseph H. Pyne

That's a consolidation play not an incremental capacity play and this is the correct time to seek consolidation. I think the truth is that we haven't gotten in to the real pain yet. That's going to happen over the year. So, as we see more pain hopefully there will be some opportunities.

Operator

Your next question comes from Natasha Boyden – Cantor Fitzgerald.

Natasha Boyden – Cantor Fitzgerald

Given what's going on with the economy and everything, there's been some pretty bad news out there and the long term contract situation you have, are you comfortable with your counterparty exposure given your time charter contracts right now?

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