



ALEXANDER & BALDWIN

A&B Reports 2nd Quarter 2003 Earnings of \$23.2 Million; Strong Improvement Over 2002 Continued

July 24, 2003

HONOLULU, Jul 24, 2003 (BUSINESS WIRE) -- Alexander & Baldwin, Inc. (Nasdaq:ALEX) today reported second quarter 2003 net income of \$23,200,000, or \$0.56 per share. Net income in the second quarter of 2002 was \$13,200,000, or \$0.32 per share. Revenue in the second quarter of 2003 was \$314,700,000, compared with revenue of \$278,600,000 in the second quarter of 2002.

Net income for the first half of 2003 was \$40,800,000, or \$0.99 per share. For the first half of 2002, the Company reported net income of \$23,000,000, or \$0.56 per share. Revenue in the first half of 2003 was \$588,100,000, compared with \$513,600,000 in the first half of 2002.

Comments on Quarter, Outlook

"The second quarter reflected solid, improved performance by all of our businesses," said Allen Doane, president and chief executive officer of A&B. "That is significant, as it follows results over the past two years that were uneven and driven largely by external events.

"As positive as this improvement is, bettering 2002's results to date is just a start. With tougher quarterly comparisons coming up in the second half, it will be a challenge to sustain favorable year-to-year comparisons and to get us back to earnings levels that the Company attained previously.

"Hawaii's economy continues to perform well, with growth in Mainland visitors and in construction offsetting lower international visitor counts. In addition, productivity improved at our Sand Island terminal; we soon will take delivery of an efficient, new replacement container ship for the Hawaii service; and our real estate acquisition program has accelerated, especially with the just-announced acquisition of property at Wailea on Maui.

"We noted previously that pension costs in 2003 would be about a \$0.25 a share drag on earnings. Through the first half of the year, they are 11 cents a share above the same period in 2002, so we have been able to grow earnings in spite of that burden."

Transportation -- Ocean Transportation

Quarter Ended June 30

Dollars in Millions	2003	2002	Change
Revenue	\$199.3	\$175.7	13%
Operating Profit	\$23.2	\$13.9	67%

Volume (Units)

Hawaii Containers	39,900	40,100	--
Hawaii Automobiles	41,600	35,600	17%

Higher revenue and operating profit in the second quarter of 2003 were due mainly to rate actions, an improved mix of freight, a 17-percent increase in Hawaii auto carriage, improved results from the operations of joint ventures and productivity improvements at the Sand Island container terminal. These favorable factors were partially offset by increased operating costs, including the expense of operating an eighth vessel in the Hawaii service, and higher pension costs.

Six Months Ended June 30

Dollars in Millions	2003	2002	Change
Revenue	\$385.4	\$331.0	16%
Operating Profit	\$35.3	\$16.3	2.2x

Volume (Units)

Hawaii Containers	78,900	75,800	4%
Hawaii Automobiles	79,100	60,100	32%

In addition to the factors affecting the second quarter, first-half 2003 Hawaii service container volume was four-percent higher than in the first half of

2002. The improvement in container volume was due mainly to higher demand during the first quarter, as compared with year-earlier demand weakness following the events of 9/11.

Transportation -- Intermodal Services

Quarter Ended June 30

Dollars in Millions	2003	2002	Change
Revenue	\$57.4	\$48.6	18%
Operating Profit	\$1.4	\$0.9	56%

Higher revenue and operating profit for Matson Intermodal System, Inc. in the second quarter of 2003 were due mainly to continuing increases in customer volume, especially in international and highway activity.

Six Months Ended June 30

Dollars in Millions	2003	2002	Change
Revenue	\$108.4	\$88.9	22%
Operating Profit	\$1.9	\$1.0	90%

In the first half of 2003, higher intermodal revenue and operating profit also was due mainly to increased customer volume.

Property Development & Management -- Leasing

Quarter Ended June 30

Dollars in Millions	2003	2002	Change
Revenue	\$20.6	\$17.4	18%
Operating Profit	\$9.5	\$7.7	23%

Occupancy Rates

Mainland	96%	91%	5%
Hawaii	90%	87%	3%

Second quarter 2003 revenue and operating profit growth, before removing amounts treated as discontinued operations, was the result of higher occupancies for both the Mainland and Hawaii commercial properties, and the purchases of income-producing property during 2002 and earlier in 2003. The comparison also benefited from a relatively low level of occupancies during the second quarter of 2002. In contrast, this year's second quarter represents a record high in our property leasing activity for both revenue and operating profit.

Six Months Ended June 30

Dollars in Millions	2003	2002	Change
Revenue	\$39.7	\$35.2	13%
Operating Profit	\$18.1	\$15.9	14%

Occupancy Rates

Mainland	92%	91%	1%
Hawaii	90%	87%	3%

Similarly, for the first half of 2003, revenue and operating profit growth, before removing amounts treated as discontinued operations, was the result of higher occupancies and purchases of income-producing properties both on the Mainland and in Hawaii.

Property Development & Management -- Sales

Quarter Ended June 30

Dollars in Millions	2003	2002	Change
Revenue	\$26.4	\$16.6	59%
Operating Profit	\$6.9	\$2.9	2.4x

Sales during the second quarter of 2003 included Airport Square, a Reno, Nev., shopping center; one industrial lot on Oahu; and three residential properties. Among the sale transactions in the second quarter of 2002 were a small shopping center in Greeley, Colo., an 85-acre parcel in upcountry Maui, seven residential properties and four industrial lots.

Six Months Ended June 30

Dollars in Millions	2003	2002	Change
Revenue	\$43.1	\$53.9	-20%
Operating Profit	\$18.5	\$11.8	57%

Property sales revenue decreased in the first half of 2003, compared with the first half of 2002. Operating profit, however, rose, due to the mix of properties that were sold. In addition to the properties described above, 2003 sales included five commercial properties, three lots at Maui Business Park and residential resort homes and house lots on Maui. The balance of the sales in 2002 included a seven-building distribution complex in Texas, a number of smaller Hawaii commercial properties and residential sales on Maui.

The sales of certain income-producing assets -- even individual buildings within a real estate portfolio -- are reported as "discontinued operations" if their earnings and cash flows are separately identifiable and material. The after-tax gains on those sales, and the current and historical earnings of all of these properties, are classified in the financial statements under the caption "Discontinued Operations: Properties."

Food Products

Quarter Ended June 30

Dollars in Millions	2003	2002	Change
Revenue	\$35.1	\$27.6	27%
Operating Profit	\$2.3	\$1.0	2.3x

In the second quarter of 2003, greater food products revenue and operating profit resulted from higher production and sales of raw sugar, and higher raw sugar prices.

Six Months Ended June 30

Dollars in Millions	2003	2002	Change
Revenue	\$50.0	\$44.2	13%
Operating Profit	\$4.2	\$3.1	35%

In the first half of 2003, greater food products revenue and operating profit resulted from the same factors cited for the second quarter offset, in part, by higher costs due to a late startup of the sugar factory and wet harvest conditions early in the year.

In spite of the strong performance in the first half, the outlook for food products for all of 2003 remains lower than the unusually good results in full-year 2002.

Balance Sheet Comments

The most prominent change on the balance sheet since year-end 2002 was the previously described first quarter conveyance of land and improvements with a carrying cost of \$27.7 million to the Kukui'Ula joint venture. This reduced real estate developments and raised investments. Other changes on the balance sheet were normal, and largely seasonal in nature.

Cash Flow Comments

Comparing the first half of 2003 with that of 2002, operating cash flows increased by a net \$69.0 million. The increase was due principally to better operating results, the timing of sales and expenditures for real estate developments that are classified as real estate held for sale, fluctuations in other working capital balances and the effects of the timing of tax payments made in 2002 resulting from the sale of securities in late 2001.

Alexander & Baldwin, Inc., headquartered in Honolulu, is engaged in ocean transportation and intermodal services, through its subsidiaries, Matson Navigation Company, Inc. and Matson Intermodal System, Inc.; in property development and management, through A&B Properties, Inc.; and in food products, through Hawaiian Commercial & Sugar Company and Kauai Coffee Company, Inc. Additional information about A&B may be found at its web site: www.alexanderbaldwin.com. Statements in this press release that are not historical facts are "forward-looking" statements that involve a number of risks and uncertainties described on page 19 of the Company's Annual Report on Form 10-K, which is included in the Company's 2002 annual report to shareholders. These factors could cause actual results to differ materially from those projected in the statements.

ALEXANDER & BALDWIN, INC.

2003 and 2002 Second-Quarter and First-Half Results

	2003	2002
Three Months Ended June 30:		
Revenue	\$314,700,000	\$278,600,000
Income From Continuing Operations	\$18,800,000	\$11,800,000
Discontinued Operations: Properties(1)	\$4,400,000	\$1,400,000
Net Income	\$23,200,000	\$13,200,000
Basic Share Earnings		
Continuing Operations	\$0.45	\$0.29
Net Income	\$0.56	\$0.32
Diluted Share Earnings		
Continuing Operations	\$0.45	\$0.29
Net Income	\$0.56	\$0.32
Average Shares Outstanding	41,400,000	41,000,000

Six Months Ended June 30:

Revenue	\$588,100,000	\$513,600,000
Income From Continuing Operations	\$29,500,000	\$16,400,000
Discontinued Operations: Properties(1)	\$11,300,000	\$6,600,000
Net Income	\$40,800,000	\$23,000,000
Basic Share Earnings		
Continuing Operations	\$0.71	\$0.40
Net Income	\$0.99	\$0.56
Diluted Share Earnings		
Continuing Operations	\$0.71	\$0.40
Net Income	\$0.98	\$0.56
Average Shares Outstanding	41,400,000	40,800,000

(1) "Discontinued Operations: Properties" consists of sales, or intended sales, of certain lands and buildings that are material and have separately identifiable earnings and cash flows.

Industry Segment Data, Net Income
(In Millions, Except Per Share Amounts, Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2003	2002	2003	2002
Revenue:				
Transportation				
Ocean Transportation	\$199.3	\$175.7	\$385.4	\$331.0
Intermodal Services	57.4	48.6	108.4	88.9
Property Development & Management				
Leasing	20.6	17.4	39.7	35.2
Sales	26.4	16.6	43.1	53.9
Less Amounts Reported In				
Discontinued Operations	(24.1)	(7.3)	(38.5)	(39.6)
Food Products	35.1	27.6	50.0	44.2
Total Revenue	\$314.7	\$278.6	\$588.1	\$513.6

Operating Profit, Net Income:

Transportation				
Ocean Transportation	\$23.2	\$13.9	\$35.3	\$16.3
Intermodal Services	1.4	0.9	1.9	1.0

Property Development & Management				
Leasing	9.5	7.7	18.1	15.9
Sales	6.9	2.9	18.5	11.8
Less Amounts Reported In				
Discontinued Operations	(7.0)	(2.2)	(18.2)	(10.4)
Food Products	2.3	1.0	4.2	3.1

Total Operating Profit	36.3	24.2	59.8	37.7
Interest Expense	(2.4)	(3.0)	(5.0)	(6.0)
Corporate Expenses	(4.1)	(3.3)	(8.2)	(6.2)

Income From Continuing Operations				
Before Income Taxes	29.8	17.9	46.6	25.5
Income Taxes	(11.0)	(6.1)	(17.1)	(9.1)

Income From Continuing Operations	18.8	11.8	29.5	16.4
Discontinued Operations:				
Properties	4.4	1.4	11.3	6.6

Net Income	\$23.2	\$13.2	\$40.8	\$23.0
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Basic Earnings Per Share,				
Continuing Operations	\$0.45	\$0.29	\$0.71	\$0.40
Basic Earnings Per Share, Net				
Income	\$0.56	\$0.32	\$0.99	\$0.56
Average Shares				
	41.4	41.0	41.4	40.8

Consolidated Balance Sheets
(In Millions)

	June 30, 2003	December 31, 2002
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	(Unaudited)	
ASSETS		
Current Assets	\$252.9	\$233.7
Investments	58.0	32.9
Real Estate Developments		22.9
Property, Net	948.9	942.6
Capital Construction Fund		210.7
Other Assets	147.8	138.0

Total	\$1,641.2	\$1,597.6
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LIABILITIES & EQUITY		
Current Liabilities	\$180.4	\$151.1
Long-Term Debt	249.4	247.8
Post-Retirement Benefit Obligs.		43.1
Other Long-Term Liabilities		98.9
Deferred Income Taxes	339.4	337.8
Shareholders' Equity	730.0	723.7

Total	\$1,641.2	\$1,597.6
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Consolidated Statements of Cash Flows
(In Millions)

Six Months Ended

June 30,

 2003 2002

 (Unaudited)

Operating Cash Flows	\$61.5	\$(7.5)
Capital Expenditures	(19.2)	(26.3)
CCF Deposits, Net	(2.3)	(16.6)
Proceeds From Issuance of (Payment of) Debt, Net	(13.0)	33.7
Dividends Paid	(18.6)	(18.4)
All Other, Net	5.7	24.6

Increase/(Decrease) In Cash	\$14.1	\$(10.5)
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Depreciation	\$(35.2)	\$(35.5)
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SOURCE: Alexander & Baldwin, Inc.

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