



# ALEXANDER & BALDWIN

## A&B Reports First-Quarter 2000 Income

April 20, 2000

HONOLULU--(BUSINESS WIRE)--April 20, 2000--Alexander & Baldwin, Inc. (Nasdaq:[ALEX](#) - [news](#)) today reported first-quarter 2000 net income of \$26,431,000, or \$0.63 per share, after an accounting change.

The accounting change resulted in a one-time, non-cash increase to first-quarter 2000 earnings of \$12,250,000, or \$0.29 per share. Excluding this change, first-quarter income was \$14,181,000, or \$0.34 per share. In the first quarter of 1999, income was \$15,838,000, or \$0.36 per share. Revenue in the first quarter of 2000 was \$219,891,000, compared with revenue of \$197,442,000 in the first quarter of 1999.

### First-Quarter Results Favorable; Sugar Prices Remain An Issue

"The first quarter's results were slightly above our expectations, when the accounting change is removed from the figures," said W. Allen Doane, president and chief executive officer of A&B. "Matson's Hawaii cargo volume improvements were significant, but fuel prices have more than doubled since early 1999. Real estate results in the quarter reflected the normal ebb and flow of sales transactions, with smaller transactions occurring in the first quarter of 2000; however, the outlook for property sales and leasing is good for the year. We continue to monitor, with concern, domestic raw sugar prices and the government's attempt to bring order back into the domestic market.

"Hawaii's economy continues to improve, with U.S. mainland travelers an ongoing source of visitor industry growth and some recovery showing up in construction activity. Although the progress of Japan's economy has varied in recent quarters, the decline in visitors from that country seems to have moderated."

### Matson, Food Products Results Improve In Quarter

Consolidated operating profit in the first quarter of 2000 was \$30.6 million, \$3.0 million, or nine percent, lower than in the first quarter of 1999. Improvements in first-quarter 2000 results were realized in ocean transportation and food products. As anticipated, property sales were lower. There also was a modest reduction in the results from property leasing. Interest expense was higher, due to higher debt balances and rates, but corporate expenses were lower.

The accounting change in the first quarter of 2000 related to the treatment of vessel drydocking costs. The Company changed its method of accounting for these costs from the accrual method to the deferral method. Drydocking costs had been accrued as an expense and liability on an estimated basis, in advance of the next scheduled drydocking. Under the deferral method, actual drydocking costs are capitalized when incurred and amortized over the period to the next drydocking. The new method amortizes the costs over the period of benefit and eliminates the uncertainty in estimating these costs. This change was made to conform with prevailing industry accounting practices.

### Cargo Gains Boost Ocean Transportation

Total ocean transportation operating profit of \$19.9 million increased \$1.6 million, or nine percent, from the first quarter of 1999. The improvement was due primarily to higher cargo volume in the Hawaii service, resulting from competitive gains, partially offset by higher operating costs, principally for fuel, container handling and container repositioning. Adjustments to a bunker fuel surcharge should help to offset unfavorable fuel cost variances in the future, and container inventory imbalances resulting from labor disruptions in the fall of 1999 have been significantly reduced. Matson's first-quarter 2000 Hawaii service container volume was five-percent higher than in the 1999 first quarter; Hawaii automobile volume was 72-percent higher.

### Real Estate: Fewer Sales In First Quarter

First quarter 2000 real estate revenue of \$15.0 million was \$4.6 million, or 23 percent, lower than in the first quarter of 1999. Real estate operating profit of \$7.9 million was \$5.3 million lower than in the first quarter of 1999.

The leased property portfolio contributed \$7.2 million to operating profit, a decrease of \$0.4 million, or six percent, from the first quarter of 1999. The decrease was primarily due to a one-time buyout of a long-term ground lease in the first quarter of 1999, partially offset by first-quarter 2000 improvements resulting from recently acquired properties and higher portfolio occupancy levels. First-quarter 2000 occupancy levels for Mainland properties averaged 95 percent, versus 92 percent in the first quarter of 1999. Occupancy levels for Hawaii properties averaged 84 percent in the first quarter of 2000, versus 72 percent in the comparable period of 1999.

Total first-quarter 2000 property sales revenue of \$3.1 million was \$4.9 million less than in the first quarter of 1999. Sales in the first quarter of 2000 included nine residential properties and two lots in a business park. Sales activity in the first quarter of 1999 included three business parcels and eight residential properties. Operating profit from property sales in the first quarter was \$0.7 million, versus \$5.5 million in the first quarter last year. Greater sales activity is expected later on in the year.

### Food Products: Low Sugar Prices a Concern

Total operating profit for the food products segment of \$2.1 million increased \$0.6 million from the first quarter of 1999. Despite this improvement, results for the remainder of the year are expected to lag those of 1999, due to lower raw sugar prices.

Alexander & Baldwin, Inc., headquartered in Honolulu, is engaged in ocean transportation, through its subsidiary, Matson Navigation Company, Inc., in property development and management, through A&B Properties, Inc., and in food products. Additional information about A&B may be found at its web site: [www.alexanderbaldwin.com](http://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 29 of the Company's 1999 annual report to shareholders. These factors could cause actual results to differ materially from those projected in the statements.

ALEXANDER & BALDWIN, INC.  
2000 and 1999 First-Quarter Results

	2000	1999
Three Months Ended March 31:	----	----
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Revenue	\$219,891,000	\$197,442,000
Income Before Accounting Change	\$14,181,000	\$15,838,000
Net Income	\$26,431,000	\$15,838,000
Basic & Diluted Share Earnings:		
Income Before Accounting Change	\$0.34	\$0.36
Net Income	\$0.63	\$0.36
Average Shares Outstanding	42,131,000	43,559,000

Industry Segment Data, Net Income  
(In Thousands)

	Three Months Ended March 31, 2000	1999
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Revenue:		
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Ocean Transportation	\$190,513	\$169,195
Property Devel. & Mgmt.		
Leasing	11,896	11,587
Sales	3,052	7,932
Food Products	13,666	8,002
Other	764	726
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Total Revenue	\$219,891	\$197,442
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Operating Profit, Net Income:

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Ocean Transportation	\$19,893	\$18,265
Property Devel. & Mgmt.		
Leasing	7,184	7,622
Sales	701	5,540
Food Products	2,068	1,471
Other	709	650
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Total Operating Profit	30,555	33,548
Interest Expense	(5,347)	(4,527)
Corporate Expenses	(3,502)	(3,880)
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Income Before Taxes & Accounting Change	21,706	25,141
Income Taxes	(7,525)	(9,303)
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Income Before Accounting Change	14,181	15,838
Cumulative Effect of Acctg. Change	12,250	--
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Net Income	\$26,431	\$15,838
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*Contact:*

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