



# ALEXANDER & BALDWIN

## **A&B Reports 3Rd Quarter Earnings Per Share of \$0.42; As Expected, Third Quarter Had Fewer Property Sales**

October 18, 2001

HONOLULU, Oct 17, 2001 (BUSINESS WIRE) -- Alexander & Baldwin, Inc. (Nasdaq:ALEX) today reported third quarter 2001 net income of \$17,312,000, or \$0.42 per share. Net income in the third quarter of 2000 was \$21,354,000, or \$0.53 per share. Revenue in the third quarter of 2001 was \$264,093,000, compared with revenue of \$285,786,000 in the third quarter of 2000.

Net income for the first nine months of 2001 was \$64,260,000, or \$1.58 per share. Net income for the first nine months of 2000 was \$76,028,000, or \$1.85 per share, after an accounting change that resulted in a one-time, non-cash increase to first quarter 2000 earnings of \$12,250,000, or \$0.30 per share. Excluding that change, income in the first nine months of 2001 was slightly above that of the same period in 2000. Revenue in the first nine months of 2001 was \$834,100,000, compared with \$807,171,000 in the first nine months of 2000.

### 3rd Quarter Results Reflected Trends Under Way

"Performance for the quarter reflected trends that were in place prior to the events of September 11," said W. Allen Doane, president and chief executive officer of A&B. "The slowing of the U.S. economy and Japan's continued struggle with its economy resulted in softening business conditions in Hawaii and somewhat lower freight volume for Matson. The performance of our real estate leasing business remained strong, while the property sales business had minimal activity, because a large part of its 2001 sales program had been accomplished earlier in the year.

"As we look ahead, the most important transaction remaining in 2001 is the purchase by BNP Paribas SA of the remaining stock of BancWest Corporation (NYSE:BWE), a transaction that is expected to be completed in the fourth quarter. As noted in previous releases, the sale of A&B's stockholdings of BancWest will result in a gain of \$1.68 per share.

"In other respects, the fourth quarter will be difficult. Tourism, a major driver of the Hawaii economy, is suffering a serious decline as a direct result of 9/11. Although those effects are anticipated to be felt most seriously in the fourth quarter of this year, most forecasters expect that the State's economy will be weak throughout 2002 -- even as the gradual recovery in visitor counts occurs. A byproduct of this changed environment will be reduced cargo volume for Matson and increased security costs company-wide. It also is possible that the real estate business in Hawaii will be impacted if the State's recovery is protracted.

"As we evaluate the Company's prospects for 2002, we are setting in place a number of actions to offset a portion of the effects of the anticipated near-term downturn. Although it is too early to know how far these actions will go toward mitigating expected lower business activity, it is unlikely that 2002's results will equal those of 2001, at least for the first two or three quarters. However, it must be candidly stated that there really is no way to assess accurately future economic conditions during this current period of uncertainty.

"Despite the difficulties faced, A&B remains strong financially. Our debt levels are low and our dividend is attractive and secure. Additionally, we are intent on growing our core businesses with opportunistic acquisitions. Be assured that Alexander & Baldwin is responding aggressively to a changed business environment," Doane stated.

### Consolidated Operating Profit Lower in 3Q, Steady Year-to-Date

In the third quarter of 2001, A&B's consolidated operating profit was \$34.7 million. That was \$8.0 million, or 19-percent, lower than the \$42.7 million in the third quarter of 2000. The decrease resulted primarily from an expected lower level of property sales.

For the first nine months of this year, operating profit was \$126.8 million, about level with the \$126.4 million reported in the first nine months of 2000. The sale during the second quarter of the balance of A&B's holdings of Pacific Century Financial Corporation (NYSE:BOH) and improvements in property leasing and food products were offset by lower results in ocean transportation and property sales.

Interest expense in both periods of 2001 was lower than in the corresponding periods in 2000. This reflected both lower debt balances and lower rates.

### Ocean Transportation Results Lower in 3rd Quarter

In the third quarter of 2001, ocean transportation operating profit was \$24.2 million. That was a decrease of \$1.9 million, or 7 percent, from \$26.1 million in the third quarter of 2000. The decrease resulted primarily from lower Hawaii and Guam cargo volume; higher-than-expected transition costs for the terminal improvement project at Sand Island, in Honolulu; and lower

contributions from investments in a shipping operation in Puerto Rico and a stevedoring joint venture. These decreases were offset, in part, by the benefits of space charter revenues, the sale of a small subsidiary and slightly higher container yields. Third quarter 2001 container volume in the Hawaii service was four-percent lower than in the 2000 third quarter, and its automobile volume was 11-percent lower.

In the first nine months of 2001, ocean transportation operating profit was \$60.4 million. This was a decrease of \$13.5 million, or 18 percent, from \$73.9 million in the first nine months of 2000. Matson's Hawaii service container volume was two-percent lower and its automobile volume was three-percent lower.

#### A&B Properties' 3rd Quarter Results Reflect Timing of Sales

In the third quarter of 2001, total operating profit in the real estate business was \$8.3 million, a decrease of \$4.6 million, or 36 percent, from \$12.9 million in the corresponding period a year earlier. For the first nine months of 2001, real estate operating profit of \$41.5 million was \$5.9 million, or 12 percent, lower than \$47.3 million a year earlier. In both periods, property leasing results were higher and sales results were lower.

In the third quarter, operating profit from property leasing was \$8.7 million. This was \$1.2 million, or 17-percent, higher than \$7.5 million in the third quarter of 2000. The increase was due primarily to additions to the leased property portfolio and higher Hawaii occupancies.

In the first nine months of 2001, property leasing operating profit was \$26.1 million. This also was 17-percent higher than the \$22.3 million earned in the first nine months of 2000. Year-to-date 2001 occupancy levels for U. S. mainland properties averaged 93 percent, versus 96 percent in the first nine months of 2000; Hawaii properties improved to 90 percent, versus 85 percent in the comparable period of 2000.

Property sales totaling \$5.1 million took place in the third quarter of 2001, compared with \$14.4 million in the third quarter of 2000. Although profitable sales were closed during the quarter, a small operating loss, \$400,000, resulted from ongoing overhead costs, versus an operating profit of \$5.5 million in the prior year's period. Sales in the third quarter of 2000 included a 13-acre parcel purchased by Home Depot.

Property sales revenue totaled \$77.3 million in the first nine months of 2001, compared with \$42.5 million in the first nine months of 2000. Operating profit resulting from these property sales, however, was \$15.4 million, which was \$9.7 million, or 39-percent, lower than the \$25.1 million in the first nine months of 2000, due to the mix of sales in 2001 including more lower-margin residential property sales than in 2000. Such variability in sales revenue and operating profit is an inherent characteristic of property sales activity.

#### Food Products' Results Lower in Quarter, Higher Year-to-Date

In the third quarter of 2001, the food products segment had operating profit of \$1.4 million, compared with \$2.9 million in the third quarter of 2000. The benefits of higher domestic raw sugar prices were more than offset by lower results from A&B's residual 36-percent investment in C&H Sugar Company, Inc. and a loss from a panelboard manufacturing business. In the first nine months of 2001, food products' operating profit was \$7.2 million, compared with \$2.9 million in the first nine months of 2000.

#### A Closing Comment On the Events of 9/11

The events of September 11 shocked the employees of A&B. Although most of us are a great distance from New York, Washington and Pennsylvania, we feel very deeply about the loss -- but are confident about the abiding resiliency of our people and our nation.

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 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](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 related to the economic and political effects of the events of September 11, 2001 as well as those described on page 31 of the Company's 2000 annual report to shareholders. These factors could cause actual results to differ materially from those projected in the statements.

#### ALEXANDER & BALDWIN, INC.

##### 2001 and 2000 Third-Quarter And Nine-Months Results

	2001	2000
Three Months Ended September 30:		
Revenue	\$264,093,000	\$285,786,000
Net Income	\$ 17,312,000	\$ 21,354,000
Basic Share Earnings	\$ 0.42	\$ 0.53
Diluted Share Earnings	\$ 0.42	\$ 0.52
Average Shares Outstanding	40,567,000	40,439,000
Nine Months Ended September 30:		
Revenue	\$834,100,000	\$807,171,000
Income Before Accounting Change	\$ 64,260,000	\$ 63,778,000
Net Income	\$ 64,260,000	\$ 76,028,000
Basic & Diluted Share Earnings:		
Income Before Accounting Change	\$ 1.58	\$ 1.55
Net Income	\$ 1.58	\$ 1.85
Average Shares Outstanding	40,548,000	41,095,000

# Industry Segment Data, Net Income

(In Thousands)

Three Months Ended      Nine Months Ended  
September 30,      September 30,  
2001      2000      2001      2000

## Revenue:

### Ocean

Transportation	\$ 207,828	\$ 220,759	\$ 607,649	\$ 634,568
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### Property Devel.

#### & Mgmt.

Leasing	18,103	15,522	52,689	45,327
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Sales	5,063	14,435	77,302	42,474
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Food Products	32,296	34,294	78,612	82,464
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Other	803	776	17,848	2,338
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Total Revenue	\$ 264,093	\$ 285,786	\$ 834,100	\$ 807,171
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## Operating

### Profit, Net Income:

#### Ocean

Transportation	\$ 24,245	\$ 26,106	\$ 60,413	\$ 73,913
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### Property Devel.

#### & Mgmt.

Leasing	8,704	7,467	26,123	22,257
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Sales	(405)	5,472	15,362	25,090
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Food Products	1,374	2,901	7,226	2,909
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Other	767	745	17,714	2,218
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### Total Operating

Profit	34,685	42,691	126,838	126,387
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Interest Expense	(4,330)	(6,661)	(14,979)	(17,967)
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Corporate Expenses	(2,878)	(2,392)	(9,860)	(8,600)
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### Income Before

#### Taxes

#### & Accounting

Change	27,477	33,638	101,999	99,820
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Income Taxes	(10,165)	(12,284)	(37,739)	(36,042)
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### Income Before

Accounting Change	17,312	21,354	64,260	63,778
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### Cumulative Effect

of Acctg. Change	--	--	--	12,250
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Net Income	\$ 17,312	\$ 21,354	\$ 64,260	\$ 76,028
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## Consolidated Balance Sheets

(In Thousands)

September 30, December 31,  
2001      2000

(Unaudited)

## ASSETS

Current Assets	\$ 184,190	\$ 208,867
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Investments	181,770	183,141
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Real Estate Developments	67,348	62,628
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Property, Net	998,126	954,692
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Capital Construction Fund	152,985	150,405
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Other Assets	110,464	106,279
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Total	\$1,694,883	\$1,666,012
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## LIABILITIES & EQUITY

Current Liabilities	\$ 148,665	\$ 153,006
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Long-Term Debt	313,830	330,766
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Post-Retirement Benefit Obligs.	43,958	44,752
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Other Long-Term Liabilities	55,248	56,698
Deferred Income Taxes	391,937	387,139
Shareholders' Equity	741,245	693,651

Total	\$1,694,883	\$1,666,012
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Consolidated Statements of Cash Flows  
(In Thousands, Unaudited)

Nine Months Ended  
September 30,  
2001 2000

Operating Cash Flows	\$ 107,431	\$ 75,431
Capital Expenditures	(81,430)	(68,607)
CCF Deposits, Net	(1,983)	(797)
Proceeds From Sale Of Bank Stock	16,217	--
Proceeds From/(Payment of) Debt, Net	(24,500)	69,500
Repurchases Of Capital Stock	(2,270)	(43,294)
Dividends Paid	(27,382)	(27,722)
All Other, Net	6,179	3,431

Increase/(Decrease) In Cash	\$ (7,738)	\$ 7,942
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Depreciation	\$ 56,041	\$ 52,411
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CONTACT: Alexander & Baldwin, Inc.  
John B. Kelley, 808/525-8422 (Vice President)  
invrel@abinc.com

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