



# ALEXANDER & BALDWIN

## **A&B 2nd Quarter 2000 Earnings Per Share Up 28%; Property Transactions, Ocean Transportation Led Improvement**

July 20, 2000

HONOLULU--(BUSINESS WIRE)--July 20, 2000--Alexander & Baldwin, Inc. (Nasdaq:ALEX) today reported that its second quarter 2000 net income increased 21 percent, to \$28,243,000, and that its second quarter earnings per share increased 28 percent, to \$0.69 per share, on fewer shares outstanding. Net income in the second quarter of 1999 was \$23,249,000, or \$0.54 per share. Revenue in the second quarter of 2000 was \$276,368,000, compared with revenue of \$263,843,000 in the second quarter of 1999.

After an accounting change, net income for the first half of 2000 was \$54,674,000, or \$1.32 per share, versus \$39,087,000, or \$0.90 per share in the first half of 1999. The accounting change resulted in a one-time, non-cash increase to first quarter 2000 earnings of \$12,250,000. Revenue in the first half of 2000 was \$496,259,000, compared with \$461,285,000 in the first half of 1999.

### Second Quarter Results Very Good

"Results for the second quarter were very good," said W. Allen Doane, president and chief executive officer of A&B. "Matson had a solid gain over its prior year performance despite a significant increase in fuel prices. Our real estate business benefited from a large property sale in the quarter, as well as double-digit growth in property leasing income. As we had expected, the negatives in the quarter were low sugar prices and a continuing drought in the state of Hawaii, which hurt food products results.

"Hawaii's economy continues to show improvement and the outlook for next year indicates moderate growth in the State, after years of little, or no growth. The strength of the U.S. economy appears to be the principal contributor to Hawaii's re-emerging economic growth."

### Consolidated Operating Profit Higher In 2nd Quarter, 1st Half

In the second quarter of 2000, A&B's consolidated operating profit was \$53.1 million. That was \$8.8 million, or 20-percent, higher than the \$44.4 million operating profit in the second quarter of 1999. For the first half, operating profit was \$83.7 million, an increase of \$5.8 million, or seven percent, versus \$77.9 million in the first half of 1999. In both the second quarter and first half of 2000, operating profit improved in ocean transportation and in property development and management, but operating results for the food products segment were lower.

Interest expense in both periods of 2000 was higher than in the corresponding periods in 1999, reflecting both higher rates and increased debt balances. Corporate expenses were lower in both periods.

### Matson Operating Profit Up 10 Percent

In the second quarter of 2000, ocean transportation operating profit was \$27.9 million. That was an increase of \$2.6 million, or 10 percent, from \$25.3 million in the second quarter of 1999. The improvement was made in spite of a virtual doubling of bunker fuel prices from the year-earlier quarter, and it was due primarily to higher Hawaii auto volume, an improved mix of cargo and better results for non-Hawaii operations. Second quarter 2000 Hawaii service container volume was about the same as in the 1999 second quarter, but automobile volume was 34-percent higher.

In the first half of 2000, ocean transportation operating profit was \$47.8 million. This was an increase of \$4.2 million, also 10 percent, from \$43.6 million in the first half of 1999. Matson's first half 2000 Hawaii service container volume was two-percent higher than in the 1999 first half, but automobile volume was 49-percent higher.

### Sale of Maui Property Highlights Quarter

A&B Properties, Inc. (Properties) carries out the property management and development activities of A&B. In the second quarter of 2000, Properties operating profit was \$26.5 million, an increase of \$10.2 million, or 62 percent, from \$16.3 million a year earlier. For the first half of 2000, operating profit of \$34.4 million was up \$4.9 million, or 17 percent, from \$29.5 million a year earlier.

In the second quarter, operating profit from property leasing was \$7.6 million. This was \$1.2 million, or 19-percent, higher than \$6.4 million in the second quarter of 1999. The increase was due primarily to additions to the property portfolio in the latter part of 1999 and higher occupancies.

In the first half of 2000, property leasing operating profit was \$14.8 million. This was six-percent higher than the \$14.0 million earned in the first half of 1999. The first half of 1999 had benefited from the one-time buyout of a long-term ground lease. Year-to-date 2000 occupancy levels for Mainland properties averaged 96 percent, versus 93 percent in the first half of 1999. Average occupancy levels for Hawaii properties improved to 85 percent, versus 73 percent in the comparable period of 1999.

Property sales revenue totaled \$25.0 million in the second quarter of 2000, compared with \$27.2 million in the second quarter of 1999. In the second quarter of 2000, operating profit resulting from property sales was \$18.9 million, nearly twice the second quarter 1999 operating profit of \$9.9 million.

Results in the second quarter of 2000 included the planned sale of a ground lease under a Costco store in Kahului, Maui.

Property sales revenue totaled \$28.0 million in the first half of 2000, compared with \$35.1 million in the first half of 1999. In the first half of 2000, operating profit resulting from property sales was \$19.6 million. This was \$4.1 million, or 27 percent, higher than the \$15.5 million in the first half of 1999.

#### Low Sugar Prices, Drought Impact Food Products' Results

In the second quarter of 2000, the food products segment had an operating loss of \$2.1 million, compared with \$2.0 million of operating profit in the second quarter of 1999. In the first half of 2000, food products broke even on an operating basis, compared with operating profit of \$3.5 million in the first half of 1999. The primary reasons for the unfavorable comparison were low U.S. raw sugar prices and continuing drought conditions that have lowered sugar production.

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. -0-

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### ALEXANDER & BALDWIN, INC. 2000 and 1999 Second-Quarter And First-Half Results

	2000	1999		
Three Months Ended June 30:				
Revenue	\$276,368,000	\$263,843,000		
Net Income	\$ 28,243,000	\$ 23,249,000		
Basic & Diluted Share Earnings	\$ 0.69	\$ 0.54		
Average Shares Outstanding	40,722,000	43,318,000		
Six Months Ended June 30:				
Revenue	\$496,259,000	\$461,285,000		
Income Before Accounting Change	\$ 42,424,000	\$ 39,087,000		
Net Income	\$ 54,674,000	\$ 39,087,000		
Basic & Diluted Share Earnings:				
Income Before Accounting Change	\$ 1.03	\$ 0.90		
Net Income	\$ 1.32	\$ 0.90		
Average Shares Outstanding	41,427,000	43,438,000		

#### Industry Segment Data, Net Income (In Thousands)

	Three Months Ended		Six Months Ended	
	June 30, 2000	1999	June 30, 2000	1999
Revenue:				
Ocean Transportation	\$204,670	\$187,836	\$395,183	\$357,031
Property Devel. & Mgmt.				
Leasing	12,409	10,833	24,305	22,420
Sales	24,987	27,179	28,039	35,111
Food Products	33,504	37,269	47,170	45,271
Other	798	726	1,562	1,452
Total Revenue	\$276,368	\$263,843	\$496,259	\$461,285

#### Operating Profit, Net Income:

Ocean Transportation	\$ 27,914	\$ 25,318	\$ 47,807	\$ 43,583
Property Devel. & Mgmt.				
Leasing	7,606	6,394	14,790	14,016
Sales	18,917	9,949	19,618	15,489
Food Products	(2,060)	2,019	8	3,490
Other	764	690	1,473	1,340
Total Operating Profit	53,141	44,370	83,696	77,918
Interest Expense	(5,959)	(4,369)	(11,306)	(8,896)
Corporate Expenses	(2,706)	(3,100)	(6,208)	(6,980)
Income Before Taxes				

& Accounting Change	44,476	36,901	6,182	62,042
Income Taxes	(16,233)	(13,652)	(23,758)	(22,955)
Income Before Acctg. Change	28,243	23,249	42,424	39,087
Cumulative Effect of Acctg. Change	--	--	12,250	--
Net Income	\$ 28,243	\$ 23,249	\$ 54,674	\$ 39,087

ALEXANDER & BALDWIN, INC.  
Consolidated Balance Sheets  
(In Thousands)

June 30, December 31,  
2000 1999  
(unaudited)

ASSETS

Current Assets	\$ 185,841	\$ 202,450
Investments	143,703	158,726
Real Estate Developments Property, Net	62,585	60,810
Capital Construction Fund	940,269	928,627
Other Assets	142,380	145,391
	98,595	65,456
Total	\$ 1,573,373	\$ 1,561,460

LIABILITIES & EQUITY

Current Liabilities	\$ 141,413	\$ 142,645
Long-Term Debt	329,249	277,570
Post-Retirement Benefit Oblig.	47,182	60,767
Other Long-Term Liabilities	45,466	51,161
Deferred Income Taxes	364,028	358,354
Shareholders' Equity	646,035	670,963
Total	\$ 1,573,373	\$ 1,561,460

Consolidated Statements of Cash Flows  
(In Thousands, Unaudited)

Six Months Ended  
June 30,  
2000 1999

Operating Cash Flows	\$ 50,265	\$ 49,235
Capital Expenditures	(51,764)	(27,854)
CCF Withdrawals, Net	1,807	1,466
Proceeds From/ (Payment of) Debt, Net	56,500	(67,430)
Repurchases of Capital Stock	(43,294)	(15,792)
Dividends Paid	(18,625)	(19,539)
All Other, Net	808	2,102
Decrease in Cash	\$ (4,303)	\$ (77,812)
Depreciation	\$ 34,478	\$ 38,973

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