



Matson[®]

Second Quarter 2020 Earnings Conference Call

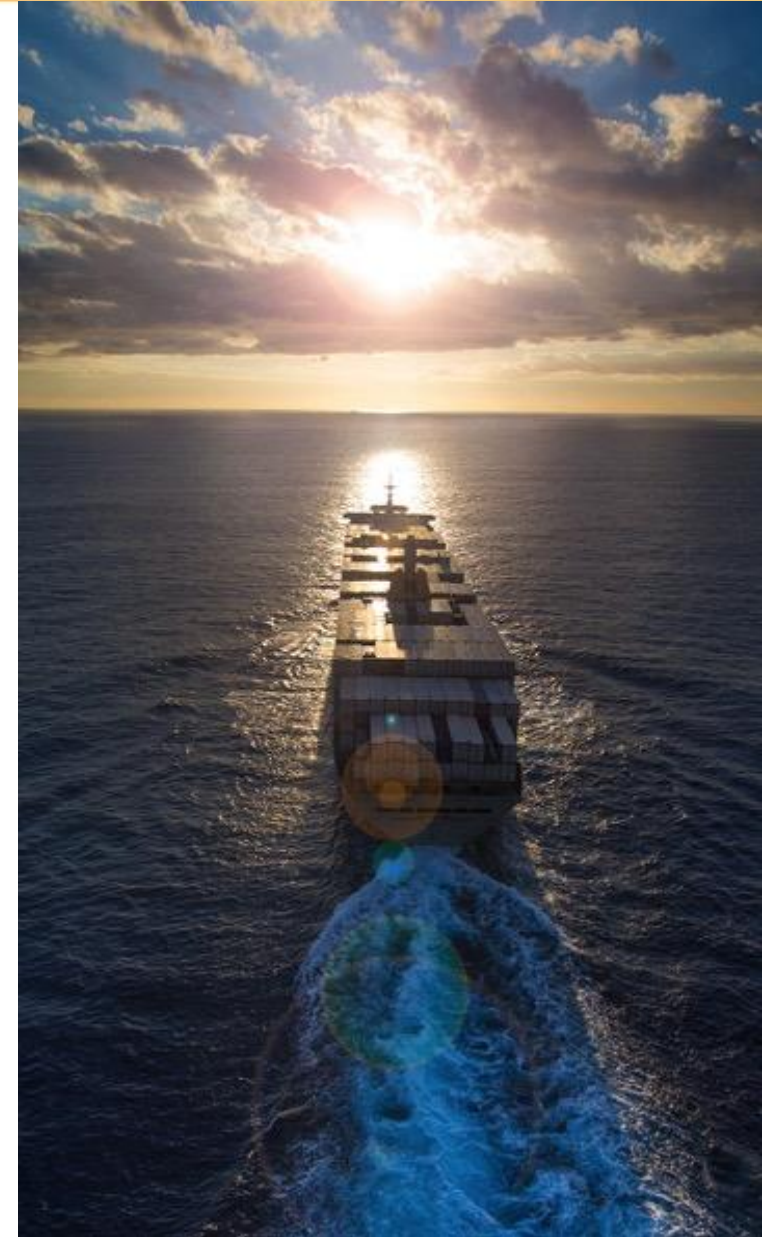
August 5, 2020

Forward-Looking Statements

Statements made during this presentation that set forth expectations, predictions, projections or are about future events are based on facts and situations that are known to us as of August 5, 2020.

We believe that our expectations and assumptions are reasonable. Actual results may differ materially, due to risks and uncertainties, such as those described on pages 24-34 of our Form 10-Q filed on May 5, 2020 and other subsequent filings by Matson with the SEC. Statements made during this presentation are not guarantees of future performance.

We do not undertake any obligation to update our forward-looking statements.



Recap of Second Quarter 2020 Results

- Recap of Matson's 2Q20 results:
 - Matson's businesses performed well despite the challenges from the COVID-19 pandemic and related economic effects
 - Ocean Transportation:
 - Led primarily by strength in China service including CLX+ vessel charters
 - Hawaii tradelane volume better-than-expected as we carried a portion of Pasha's volume due to a dry-docking of one of its vessels
 - Alaska volume better-than-expected as local economy gradually reopened leading to improved freight demand
 - Logistics:
 - Some business lines were challenged by COVID-19 and its related economic effects
 - Lower YoY contributions from transportation brokerage and freight forwarding

Responding to the New Reality

- Operational and financial actions taken in the last few months have helped during this difficult period and led to opportunities
 - Introduction of CLX+ vessel charters – principally drove the increase in 2Q20 consolidated operating income year-over-year
 - Initiatives executed during the second quarter:
 - Moved *Daniel K. Inouye* to the CLX in late June
 - Reduced frequency of port calls in neighbor island barge network
 - Reduced maintenance spend and vendor costs
 - Reduced or eliminated discretionary costs
 - Instituted hiring freeze and salary reduction plan
 - Other initiatives under evaluation or in process:
 - Terminal consolidation in Tacoma/Seattle (to be completed in 3Q20)
 - New business opportunities
- On track with operational changes and cost management initiatives mentioned on May 5th earnings call
 - Expect to exceed high end of \$40 to \$50 million range of operating results improvement
- Expect 3Q20 consolidated operating income, net income, diluted EPS and EBITDA to exceed results achieved in 3Q19

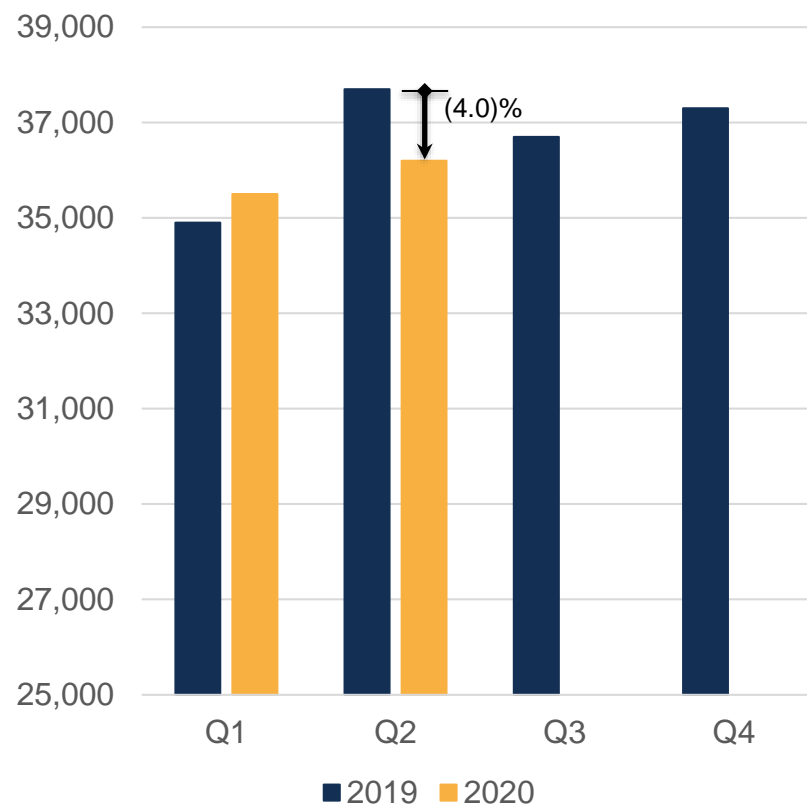
Current Priorities

- Safeguard employee health and safety
- Ensure consistency of Ocean Transportation services and continue to deliver for our Matson Logistics customers
- Maintain cost and capital discipline in preparation for an extended downturn
 - Focused on cash flow and reducing leverage
- Complete Hawaii new build program
 - *Matsonia* christened on July 2, 2020, delivery on track for 4Q20
- Complete Sand Island phase I
 - Remains on track for completion in 4Q20
- Complete scrubber program
 - Fifth vessel of six in the scrubber program is in dry-dock
 - Remains on track for completion in 4Q20

Second Quarter 2020 Performance

- Container volume decreased 4.0% YoY
 - Freight volume decline primarily due to near-zero tourism and temporary closure of retail stores
 - Partially offset by volume from Pasha due in part to the dry-docking of one of its vessels
 - Westbound container market down approximately 15% YoY
- Hawaii economy in significant downturn in 2Q
 - Impacted by state's 14-day quarantine for visitors
 - Difficult environment for tourism-related businesses
 - Many businesses remained closed
 - Unemployment hit a historic high

Container Volume (FEU Basis)



Note: 2Q 2020 volume figure includes volume related to Pasha's vessel dry-docking.

Hawaii Service – Current Business Trends

- Hawaii economy remains challenged by the near-zero tourism due to COVID-19 mitigation efforts
 - State’s 14-day quarantine for visitors extended at least to August 31
 - Environment remains difficult for tourism-related businesses
 - Majority of hotels remain closed
 - June unemployment at 13.9%, down from 23.5% in May⁽¹⁾
- Do not expect to carry Pasha volume beyond 2Q20
- July 2020 westbound container volume declined 2.4% YoY

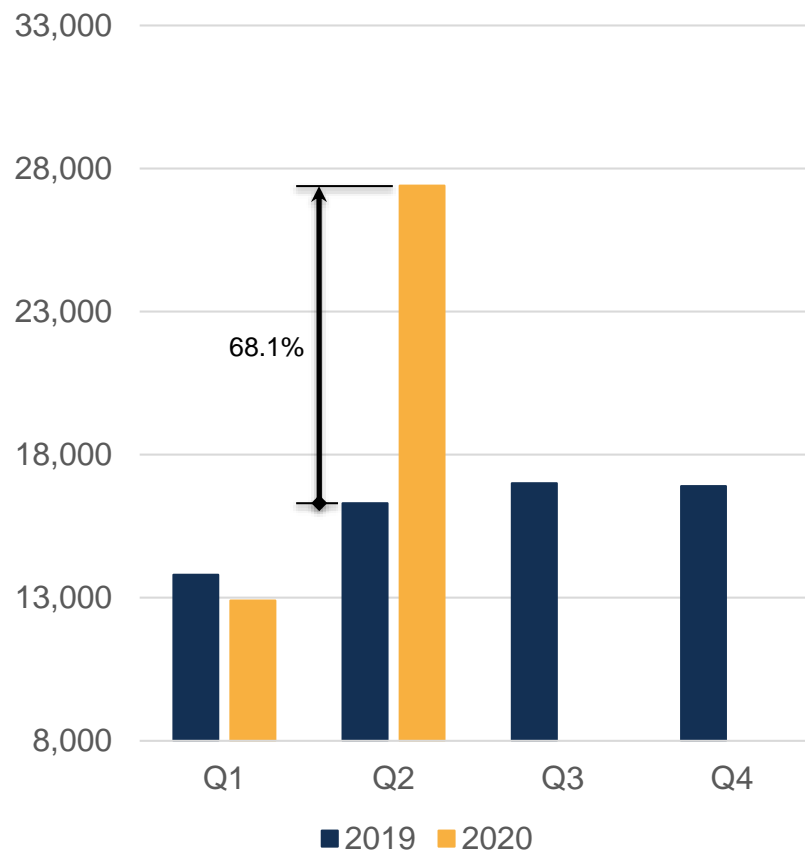
(1) Source: <http://labor.hawaii.gov/blog/news/hawaiis-unemployment-rate-at-13-9-in-june/>

China Expedited Service

Second Quarter 2020 Performance

- Container volume increased 68.1% YoY
- Continued dislocation in air freight markets led to strong demand for Matson's expedited service
 - Normal weekly vessels sailed at capacity; higher volume YoY on CLX
 - Introduced CLX+ vessel charters to supplement regular CLX service given high demand
 - 7 CLX+ sailings during the quarter
- Demand driven by PPE, e-commerce, working-from-home electronics, and other high-demand goods
- *Daniel K. Inouye* moved into the CLX at quarter end to add capacity to regular CLX service

Container Volume (FEU Basis)



Note: 2Q 2020 volume figure includes volume related to seven CLX+ vessel charters.

China Expedited Service

Why Matson introduced the CLX+ vessel charters in the second quarter...

- Builds upon our successful 15-year track record of operating the CLX
 - Long-standing relationships with customers
 - Relentless focus on on-time freight availability for customers
 - Cargo from vessel charters offloaded at SSAT-operated Pier A in Long Beach and transloaded on Matson-dedicated chassis to the off-dock facility at Shippers Transport
- Unique set of conditions provided Matson this opportunity
 - Exceptional demand for expedited ocean freight due to supply and demand volatility resulting from COVID-19 pandemic
 - Dislocation in the transpacific air freight market continued from the first quarter
 - Low vessel charter rates
 - Significantly lower fuel costs



Port of Long Beach

Matson will offer this weekly CLX+ service through peak season (end of October) or potentially longer as our customers' needs dictate.

China Expedited Service – Current Business Trends

- Expect continued demand for CLX and CLX+ expedited ocean services as disruption and loss of capacity in the transpacific air cargo and ocean freight markets remain
 - Increasing demand for e-commerce goods
 - Rebound in retail-related goods as COVID-19 mitigation efforts continue to ease
- Expect CLX and CLX+ vessels to be at capacity in 3Q
- *Daniel K. Inouye* in regular CLX service for full 3Q
- July 2020 eastbound container volume increased 125.6% YoY due primarily to CLX+ and higher volume on CLX due to higher capacity of vessels

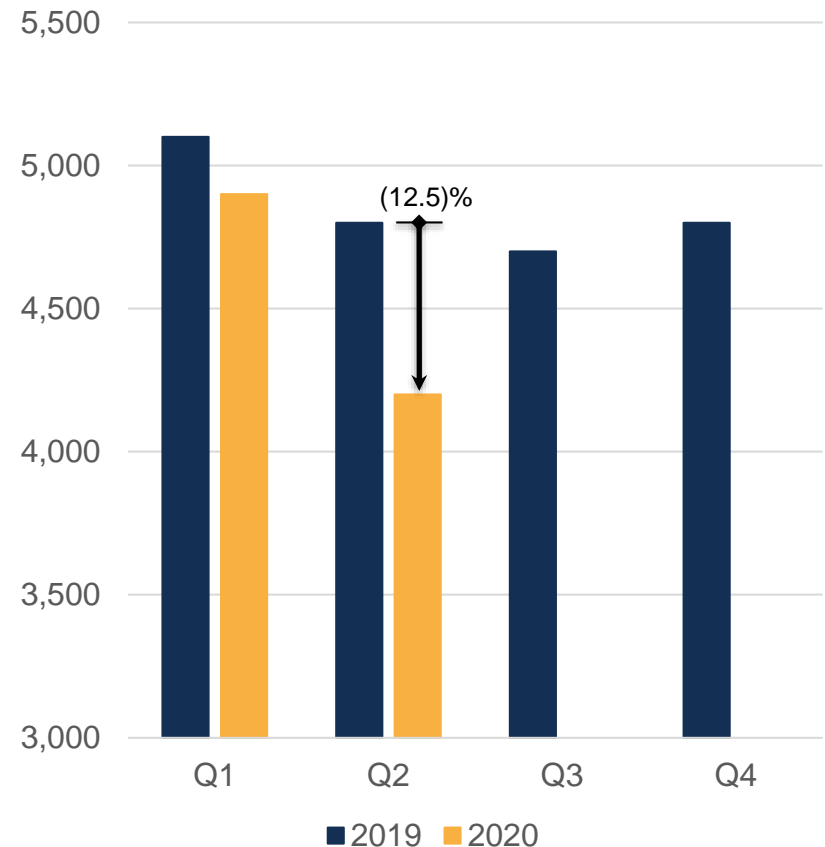
Second Quarter 2020 Performance

- Container volume decreased 12.5% YoY
 - Freight volume decline primarily due to lower demand for retail-related goods as COVID-19 mitigation measures remained in effect
 - To a lesser extent, reduced tourism to the island had a modest negative impact on freight

Current Business Trends

- Improving retail environment as businesses reopen
- Challenges remain from loss of tourism
- July 2020 westbound container volume increased 8.0% YoY

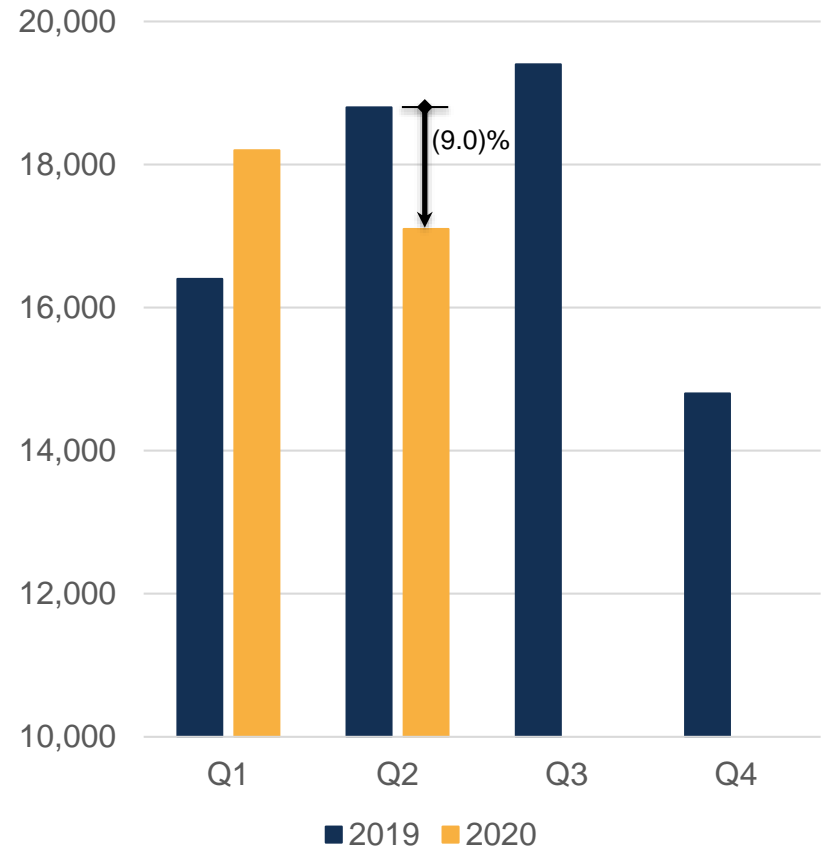
Container Volume (FEU Basis)



Second Quarter 2020 Performance

- Container volume decreased 9.0% YoY
 - Lower northbound volume primarily due to:
 - Lower demand for retail-related goods, as an effect of the state's COVID-19 mitigation efforts
 - One less sailing compared to the year ago period
 - Moderately lower southbound volume
- Gradual reopening of local economy in late May and early June improved freight demand
 - Led to better-than-expected NB volume vs. expectations on May 5th earnings call

Container Volume (FEU Basis)



Note: 1Q 2020 volume figure includes volume related to a competitor's vessel dry-docking.

Alaska Service – Current Business Trends

- Alaska economy remains challenged in the near-term and expect NB volume to be negatively impacted YoY in the 3Q20
 - Despite gradual reopening of economy ahead of our other tradelanes, residual negative economic effects remain from COVID-19 pandemic
 - Reduced tourism activity to impact freight demand
 - Unemployment at 12.4% in June⁽¹⁾, down from 13.5% in April⁽²⁾
 - Low oil price environment to continue to negatively impact oil exploration and production
 - July 2020 northbound container volume declined 5.1% YoY
- 2020 is the “off” season for the seafood catch; as a result, expect lower SB volume YoY

(1) Source: <https://labor.alaska.gov/news/2020/news20-26.htm>

(2) Source: <https://labor.alaska.gov/news/2020/news20-19.htm>

SSAT Joint Venture

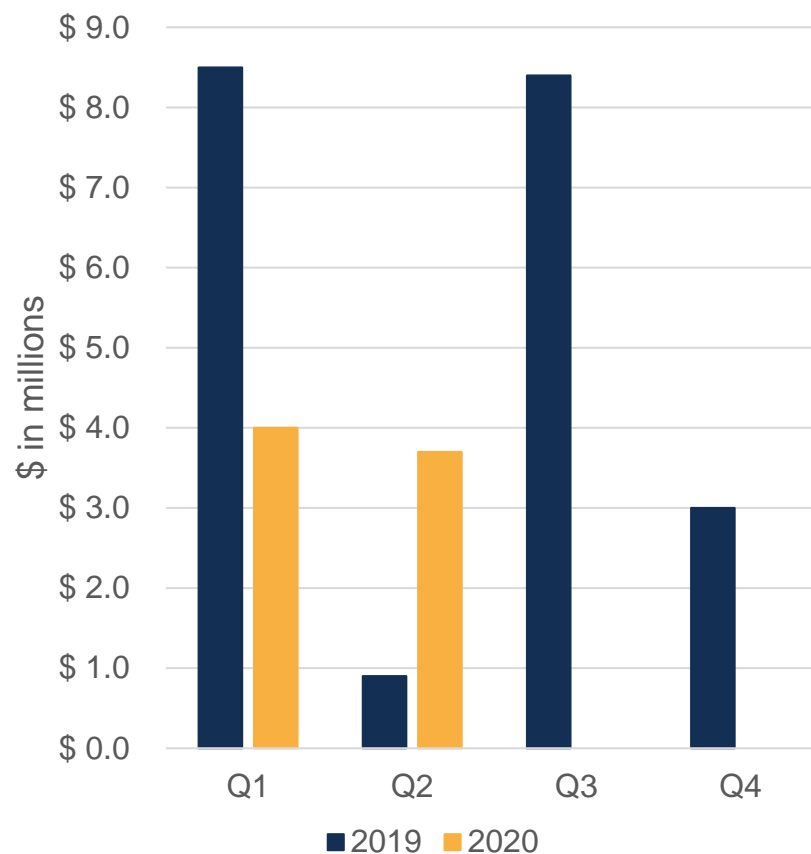
Second Quarter 2020 Performance

- Terminal joint venture contribution was \$3.7 million, \$2.8 million higher than last year
 - Primarily due to absence of additional expense related to the early adoption of lease accounting standard in 2Q19
 - Partially offset by lower lift volume

Current Business Trends

- Some transpacific ocean capacity reinstated, but below normal levels
- Lift volume is expected to reflect the speed and recovery of the economy

Equity in Income of Joint Venture



Note: 2Q 2019 equity in income negatively impacted by the timing of lease accounting.

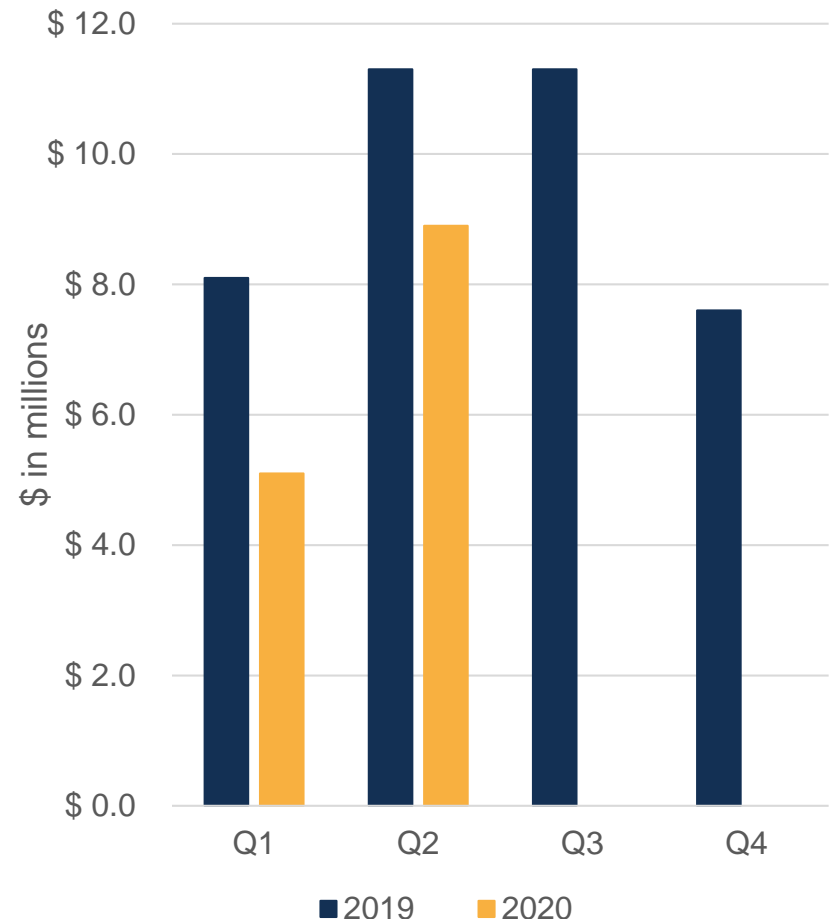
Second Quarter 2020 Performance

- Operating income decreased \$2.4 million YoY to \$8.9 million
 - Lower contributions from transportation brokerage and freight forwarding
 - Some business lines were challenged by COVID-19 and its related economic effects

Current Business Trends

- COVID-19 expected to continue to impact retail-related volumes in transportation brokerage and freight forwarding
- Intermodal volume picked up in June and has been steady through July coincident with improving trend in U.S. West Coast port volume
- Steady business activity in warehousing and supply chain services

Operating Income



Financial Results – Summary Income Statement

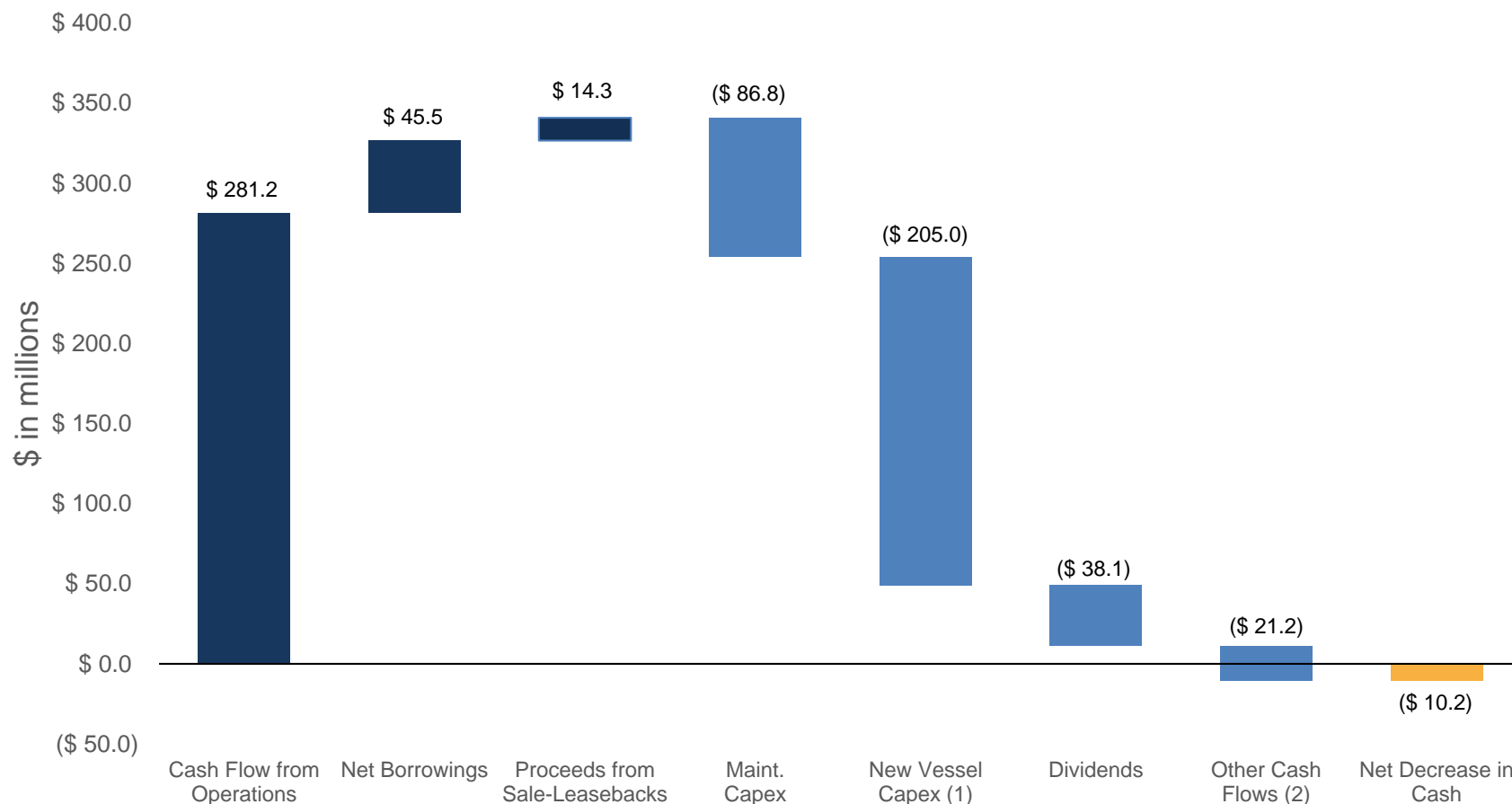
| (\$ in millions, except per share data) | Year-to-Date | | | | Second Quarter | | | |
|--|-------------------|-----------------------|------------------|---------------|----------------------|-----------------|------------------|---------------|
| | YTD Ended 06/30 | | Δ | | Quarters Ended 06/30 | | Δ | |
| | 2020 | 2019 | \$ | % | 2020 | 2019 | \$ | % |
| Revenue | | | | | | | | |
| Ocean Transportation | \$ 811.7 | \$ 813.3 | (\$ 1.6) | (0.2)% | \$ 410.8 | \$ 415.4 | (\$ 4.6) | (1.1)% |
| Logistics | 226.3 | 277.0 | (50.7) | (18.3)% | 113.3 | 142.5 | (29.2) | (20.5)% |
| Total Revenue | \$ 1,038.0 | \$ 1,090.3 | (\$ 52.3) | (4.8)% | \$ 524.1 | \$ 557.9 | (\$ 33.8) | (6.1)% |
| Operating Income | | | | | | | | |
| Ocean Transportation | \$ 50.2 | \$ 29.1 | \$ 21.1 | 72.5% | \$ 42.3 | \$ 19.7 | \$ 22.6 | 114.7% |
| Logistics | 14.0 | 19.4 | (5.4) | (27.8)% | 8.9 | 11.3 | (2.4) | (21.2)% |
| Total Operating Income | \$ 64.2 | \$ 48.5 | \$ 15.7 | 32.4% | \$ 51.2 | \$ 31.0 | \$ 20.2 | 65.2% |
| Interest Expense | (16.8) | (10.7) | | | (8.2) | (6.1) | | |
| Other income (expense), net | 2.1 | 1.4 | | | 1.5 | 0.8 | | |
| Income Taxes | (12.9) | (8.3) ⁽¹⁾ | | | (11.7) | (7.3) | | |
| Net Income | \$ 36.6 | \$ 30.9 | \$ 5.7 | 18.4% | \$ 32.8 | \$ 18.4 | \$ 14.4 | 78.3% |
| GAAP EPS, diluted | \$ 0.85 | \$ 0.72 | \$ 0.13 | 18.1% | \$ 0.76 | \$ 0.43 | \$ 0.33 | 76.7% |
| Depreciation and Amortization (incl. dry-dock amortization) | \$ 66.4 | \$ 64.3 | \$ 2.1 | 3.3% | \$ 33.5 | \$ 33.1 | \$ 0.4 | 1.2% |
| EBITDA | \$ 132.7 | \$ 114.2 | \$ 18.5 | 16.2% | \$ 86.2 | \$ 64.9 | \$ 21.3 | 32.8% |

See the Addendum for a reconciliation of GAAP to non-GAAP Financial Metrics.

(1) Includes a non-cash tax expense reversal of \$2.9 million resulting from discrete adjustments in applying the provisions of the Tax Cuts and Jobs Act of 2017 ("Tax Act").

Cash Generation and Uses of Cash

Last Twelve Months Ended June 30, 2020



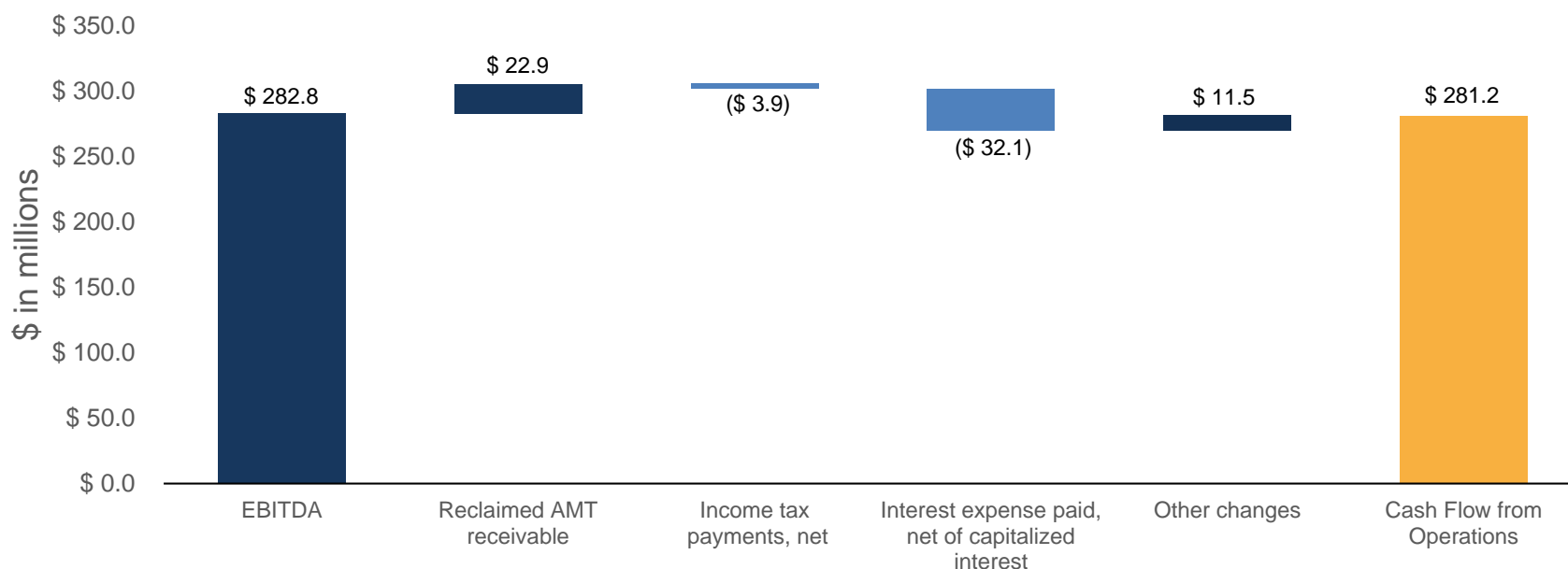
(1) Includes capitalized interest and owner's items.

(2) Includes \$18.5 million in financing costs related to Title XI bonds and amendments to debt agreements in the first half of 2020.

Cash Generation

- LTM cash flow from operations (CFFO)⁽¹⁾ remained strong with 2Q20 CFFO performance of approximately \$72.0 million
 - Under CARES Act, reclaimed AMT receivable in 2Q20 for approximately \$22.9 million

Last Twelve Months Ended June 30, 2020



See the Addendum for a reconciliation of GAAP to non-GAAP Financial Metrics.

(1) Referred to as "net cash provided by operating activities" in the Condensed Consolidated Statements of Cash Flows.

Financial Results – Summary Balance Sheet

| (\$ in millions) | June 30, 2020 | December 31, 2019 |
|---|-------------------|----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 19.5 | \$ 21.2 |
| Other current assets | 254.1 | 268.4 |
| Total current assets | 273.6 | 289.6 |
| Investment in SSAT | 77.5 | 76.2 |
| Property and equipment, net | 1,578.4 | 1,598.1 |
| Intangible assets, net | 197.5 | 202.9 |
| Goodwill | 327.8 | 327.8 |
| Other long-term assets | 322.8 | 350.8 |
| Total assets | \$ 2,777.6 | \$ 2,845.4 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current portion of debt | \$ 50.5 | \$ 48.4 |
| Other current liabilities | 399.1 | 388.3 |
| Total current liabilities | 449.6 | 436.7 |
| Long-term debt, net of deferred loan fees | 823.5 | 910.0 |
| Other long-term liabilities | 689.0 | 693.0 |
| Total long-term liabilities | 1,512.5 | 1,603.0 |
| Total shareholders' equity | 815.5 | 805.7 |
| Total liabilities and shareholders' equity | \$ 2,777.6 | \$ 2,845.4 |

Debt Levels

- Total Debt of \$890.0 million⁽¹⁾
- Net Debt of \$870.5 million⁽²⁾

See the Addendum for a reconciliation of GAAP to non-GAAP Financial Metrics.

(1) Total Debt is presented before any reduction for deferred loan fees as required by GAAP.

(2) Net Debt is Total Debt of \$890.5 million less cash and cash equivalents of \$19.5 million.

Capital Structure and Leverage

| (\$ in millions) | Quarters Ended | | | Comments |
|--|----------------------|-------------------|------------------|--------------------------|
| | December 31, 2019 | March 31, 2020 | June 30, 2020 | |
| Total Debt (1) | | | | |
| <i>Private Placement Term Loans:</i> | | | | |
| 5.79 %, payable through 2020 | \$ 3.5 | \$ 3.5 | \$ - | Matured in 2Q20 |
| 3.66 %, payable through 2023 | 31.9 | 31.9 | 27.4 | |
| 4.16 %, payable through 2027 | 39.3 | 39.3 | 36.7 | |
| 3.37 %, payable through 2027 | 75.0 | 75.0 | 75.0 | |
| 3.14 %, payable through 2031 | 188.0 | 178.8 | 178.8 | |
| 4.31 %, payable through 2032 | 30.3 | 30.3 | 29.0 | |
| 4.35 %, payable through 2044 | 100.0 | 100.0 | - | Redeemed in 2Q20 |
| 3.92 %, payable through 2045 | 69.5 | 69.5 | - | Redeemed in 2Q20 |
| <i>Title XI Debt:</i> | | | | |
| 5.34 %, payable through 2028 | 19.8 | 18.7 | 18.7 | |
| 5.27 %, payable through 2029 | 22.0 | 20.9 | 20.9 | |
| 1.22 %, payable through 2043 | - | - | 185.9 | Issued on April 27, 2020 |
| 1.35 %, payable through 2044 | - | - | 139.6 | Issued on June 22, 2020 |
| Revolving credit facility | 379.1 | 357.0 | 178.0 | |
| Total Debt | \$ 958.4 | \$ 924.9 | \$ 890.0 | |
| Maximum leverage ratio under amended debt agreements | | 4.00x | 4.50x | |
| Available borrowings under revolving credit facility | | \$ 163.6 | \$ 433.2 | |

- **Weighted average interest rate of ~2.7% at end of 2Q20⁽²⁾**
- **2Q20 leverage ratio of 3.03x⁽³⁾**
- **Target leverage ratio of low 2xs**

See the Addendum for a reconciliation of GAAP to non-GAAP Financial Metrics.

(1) Total Debt is presented before any reduction for deferred loan fees as required by US GAAP.

(2) Reflects an interest rate of approximately 3.25% on the revolving credit facility on June 30, 2020.

(3) As of June 30, 2020, and calculated per amended debt agreements.

Capital Structure and Leverage (continued)

- Announced first Title XI financing transaction on April 30, 2020:
 - \$185.9 million and \$177.2 million in gross and net proceeds, respectively
 - Net proceeds used to reduce outstanding debt
 - Matures October 2043
 - 1.22% fixed cash coupon, payable semi-annually commencing October 2020
 - Effective interest rate of approximately 1.60%
 - Semi-annual principal amortization of approximately \$4 million
- Announced second Title XI financing transaction on June 25, 2020:
 - \$139.6 million and \$132.9 million in gross and net proceeds, respectively
 - Net proceeds used to reduce outstanding debt
 - Matures March 2044
 - 1.35% fixed cash coupon, payable semi-annually commencing September 2020
 - Effective interest rate of approximately 1.73%
 - Semi-annual principal amortization of approximately \$3 million

New Vessel Payments and Percent of Completion

Vessel Construction Expenditures

| (\$ in millions) | FY 2020 | |
|--|---------|--------|
| | 1Q | 2Q |
| Cash Capital Expenditures | \$ 7.2 | \$ 5.7 |
| Capitalized Interest | 1.9 | 1.7 |
| Capitalized Vessel Construction Expenditures | \$ 9.1 | \$ 7.4 |

Actual and Estimated Vessel Progress Payments⁽¹⁾

| (\$ in millions) | Cumulative through 06/30/20 | Remainder of 2020 | Total |
|---|-----------------------------|-------------------|----------|
| Two Aloha Class Containerships ⁽²⁾ | \$ 407.1 | \$ 1.2 | \$ 408.3 |
| Two Kanaloa Class Con-Ro Vessels | 459.8 | 60.6 | 520.4 |
| Total New Vessel Progress Payments | \$ 866.9 | \$ 61.8 | \$ 928.7 |



Matsonia, July 2020.
Percent of Completion: 91%⁽³⁾
Current Delivery Timing: 4Q 2020

(1) Excludes owner's items, capitalized interest and other cost items associated with final milestone payments.

(2) Remaining progress payments on Aloha Class vessels held in restricted cash on balance sheet.

(3) As of July 31, 2020.



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Appendix

Appendix – Non-GAAP Measures

Matson reports financial results in accordance with U.S. generally accepted accounting principles (“GAAP”). The Company also considers other non-GAAP measures to evaluate performance, make day-to-day operating decisions, help investors understand our ability to incur and service debt and to make capital expenditures, and to understand period-over-period operating results separate and apart from items that may, or could, have a disproportional positive or negative impact on results in any particular period. These non-GAAP measures include, but are not limited to, Earnings Before Interest, Income Taxes, Depreciation and Amortization (“EBITDA”), and Net Debt/EBITDA.

NET DEBT RECONCILIATION

| (In millions) | June 30, 2020 |
|---------------------------------|------------------|
| Total Debt (1): | \$ 890.0 |
| Less: Cash and cash equivalents | (19.5) |
| Net Debt | <u>\$ 870.5</u> |

EBITDA RECONCILIATION

| (In millions) | Three Months Ended June 30, | | | Last Twelve Months |
|------------------------------------|--------------------------------|----------------|----------------|-----------------------|
| | 2020 | 2019 | Change | |
| Net Income | \$ 32.8 | \$ 18.4 | \$ 14.4 | \$ 88.4 |
| Add: Income taxes | 11.7 | 7.3 | 4.4 | 29.7 |
| Add: Interest expense | 8.2 | 6.1 | 2.1 | 28.6 |
| Add: Depreciation and amortization | 27.8 | 24.0 | 3.8 | 107.2 |
| Add: Dry-dock amortization | 5.7 | 9.1 | (3.4) | 28.9 |
| EBITDA (2) | <u>\$ 86.2</u> | <u>\$ 64.9</u> | <u>\$ 21.3</u> | <u>\$ 282.8</u> |

| (In millions) | Six Months Ended June 30, | | |
|------------------------------------|------------------------------|-----------------|----------------|
| | 2020 | 2019 | Change |
| Net Income | \$ 36.6 | \$ 30.9 | \$ 5.7 |
| Add: Income taxes | 12.9 | 8.3 | 4.6 |
| Add: Interest expense | 16.8 | 10.7 | 6.1 |
| Add: Depreciation and amortization | 54.6 | 47.1 | 7.5 |
| Add: Dry-dock amortization | 11.8 | 17.2 | (5.4) |
| EBITDA (2) | <u>\$ 132.7</u> | <u>\$ 114.2</u> | <u>\$ 18.5</u> |

- (1) Total Debt is presented before any reduction for deferred loan fees as required by GAAP.
- (2) EBITDA is defined as the sum of net income plus income taxes, interest expense and depreciation and amortization (including deferred dry-docking amortization). EBITDA should not be considered as an alternative to net income (as determined in accordance with GAAP), as an indicator of our operating performance, or to cash flows from operating activities (as determined in accordance with GAAP) as a measure of liquidity. Our calculation of EBITDA may not be comparable to EBITDA as calculated by other companies, nor is this calculation identical to the EBITDA used by our lenders to determine financial covenant compliance.