



# Matson<sup>®</sup>

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## *Second Quarter 2024 Earnings Conference Call*

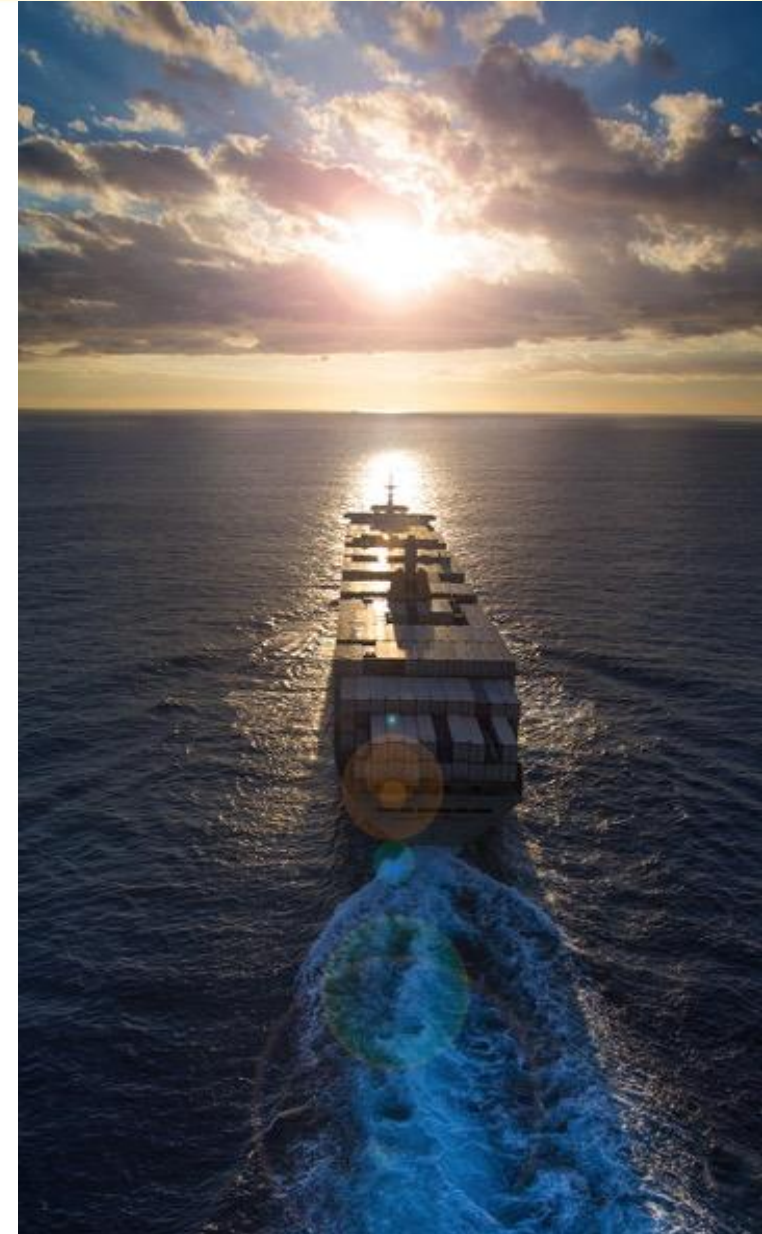
August 1, 2024

# 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 1, 2024.*

*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 13-25 of our Form 10-K filed on February 23, 2024 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.*



# Opening Remarks

- Our Ocean Transportation and Logistics business segments performed well with higher YoY operating income in 2Q24
- Ocean Transportation 2Q24:
  - Our China service experienced significantly higher YoY freight rates and was the primary driver of the increase in consolidated operating income
  - Higher YoY volumes in Alaska primarily due to two additional northbound sailings
  - Hawaii and Guam saw lower YoY volumes
- Logistics 2Q24:
  - Operating income increased YoY on the strength of supply chain management
- Raising outlook for 2024 driven primarily by China service performance

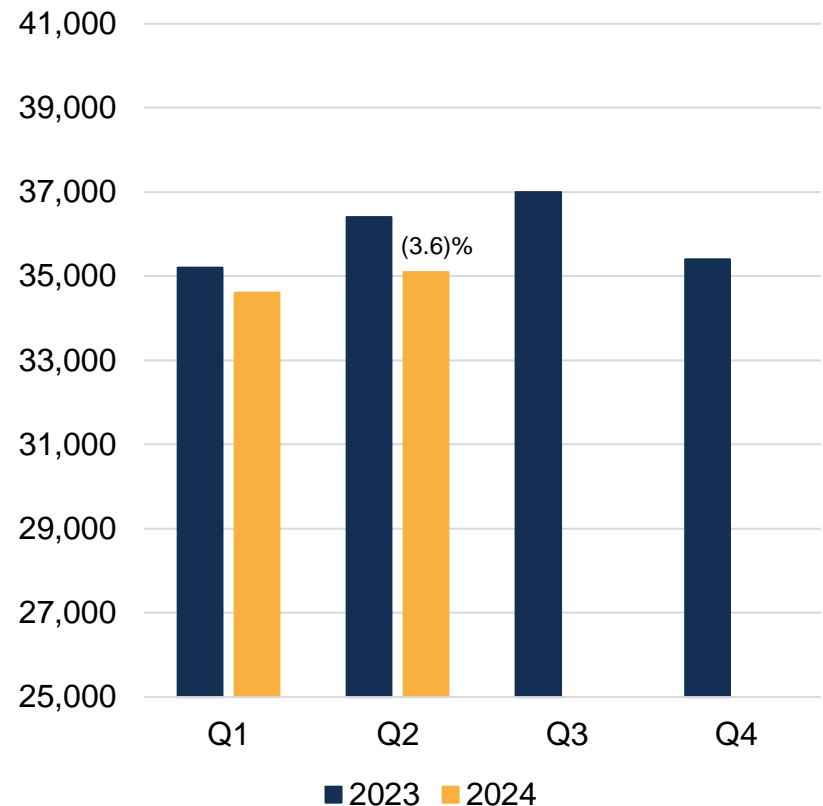
## Second Quarter 2024 Performance

- Container volume decreased 3.6% YoY due to lower general demand
- Tourist arrivals in 2Q24 were lower YoY
  - Maui tourism remains impacted by last year's wildfires

## Full Year 2024 Outlook

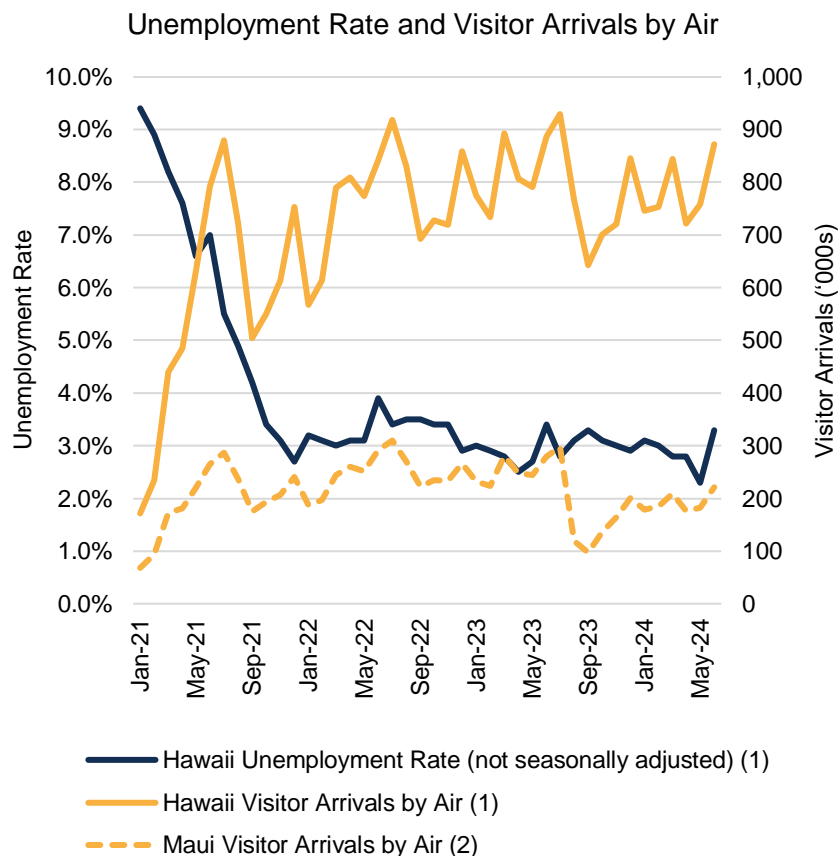
- Expect volume in 2024 to be modestly lower than the level achieved last year primarily due to:
  - Challenging population growth
  - Lower discretionary income as a result of higher inflation and interest rates

## Container Volume (FEU Basis)



# Hawaii Service – Current Business Trends

## Select Hawaii Economic Indicators



(1) Source: [https://files.hawaii.gov/dbedt/economic/data\\_reports/mei/2024-06-state.xls](https://files.hawaii.gov/dbedt/economic/data_reports/mei/2024-06-state.xls)

(2) Source: [https://files.hawaii.gov/dbedt/economic/data\\_reports/mei/2024-06-maui.xls](https://files.hawaii.gov/dbedt/economic/data_reports/mei/2024-06-maui.xls)

(3) Source: [https://uhero.hawaii.edu/wp-content/uploads/2024/05/24Q2\\_Forecast.pdf](https://uhero.hawaii.edu/wp-content/uploads/2024/05/24Q2_Forecast.pdf)

## UHERO Projections (3)

|                          | 2024P   | 2025P    | 2026P    |
|--------------------------|---------|----------|----------|
| Real GDP                 | 1.5%    | 3.0%     | 2.5%     |
| Construction Jobs Growth | 5.7%    | 1.1%     | 1.3%     |
| Population Growth        | (0.2)%  | 0.0%     | 0.1%     |
| Unemployment Rate        | 3.1%    | 3.0%     | 2.8%     |
| Visitor Arrivals ('000s) | 9,828.9 | 10,247.1 | 10,516.4 |
| % change                 | 1.9%    | 4.3%     | 2.6%     |

## Commentary

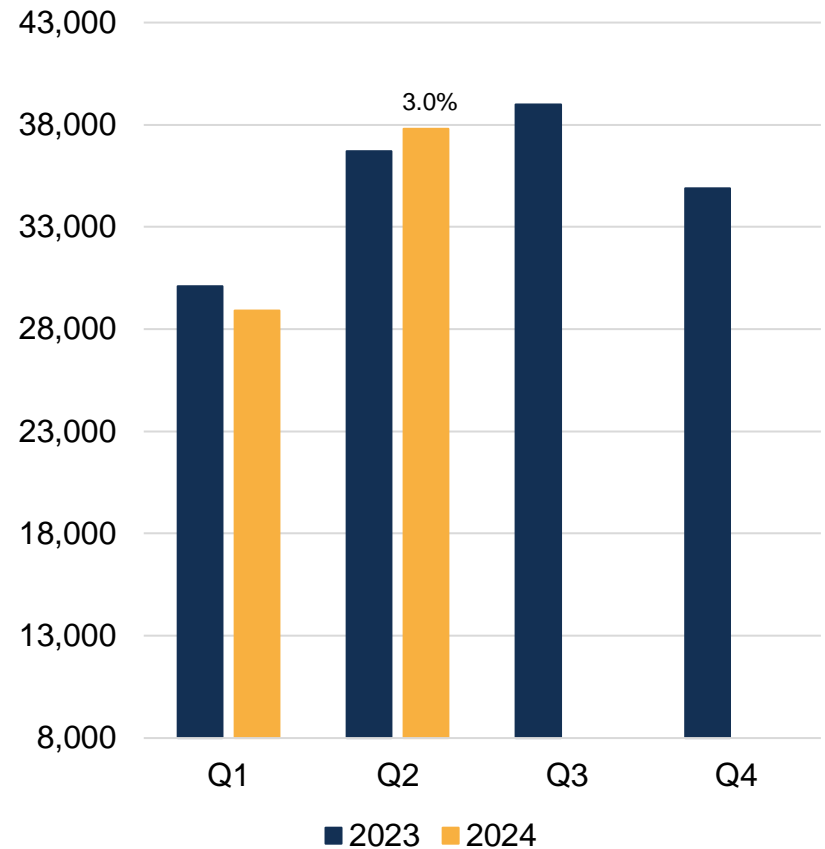
- According to UHERO, the Hawaii economy is projected to grow modestly
  - Low unemployment rate
  - Increase in construction activity

# China Service

## Second Quarter 2024 Performance

- Container volume increased 3.0% YoY
  - Continued to see high level of demand from e-commerce and garments verticals
- Significantly higher average freight rates YoY

## Container Volume (FEU Basis)



# China Service – Current Business Trends

- A supportive economic and consumer demand environment in the U.S. coupled with tighter supply chain conditions led to elevated freight rates for our expedited Transpacific services in 2Q24
  - Supply and demand dynamics in 2Q24 were not consistent with a normalized operating environment and we outperformed on freight rates
- We expect our China service to continue to see elevated freight rates during the traditional peak season in 3Q24 and early 4Q24
  - Freight rate trajectory after the peak season is uncertain given several factors including:
    - Strength of U.S. economy and interest rates, Transpacific supply, the Red Sea situation and related supply chain effects, the East Coast labor union negotiations and the U.S. elections
- We expect freight rates to remain elevated as long as the underlying economic, supply chain, and geopolitical conditions persist
  - Timing of when rates will eventually normalize likely depends on the duration and timing of these factors that influence supply and demand dynamics in the tradelane
- Regardless of this uncertainty, we expect the shift from air freight to expedited ocean and the continued growth of e-commerce goods to drive long-term demand for our China service

# Guam Service

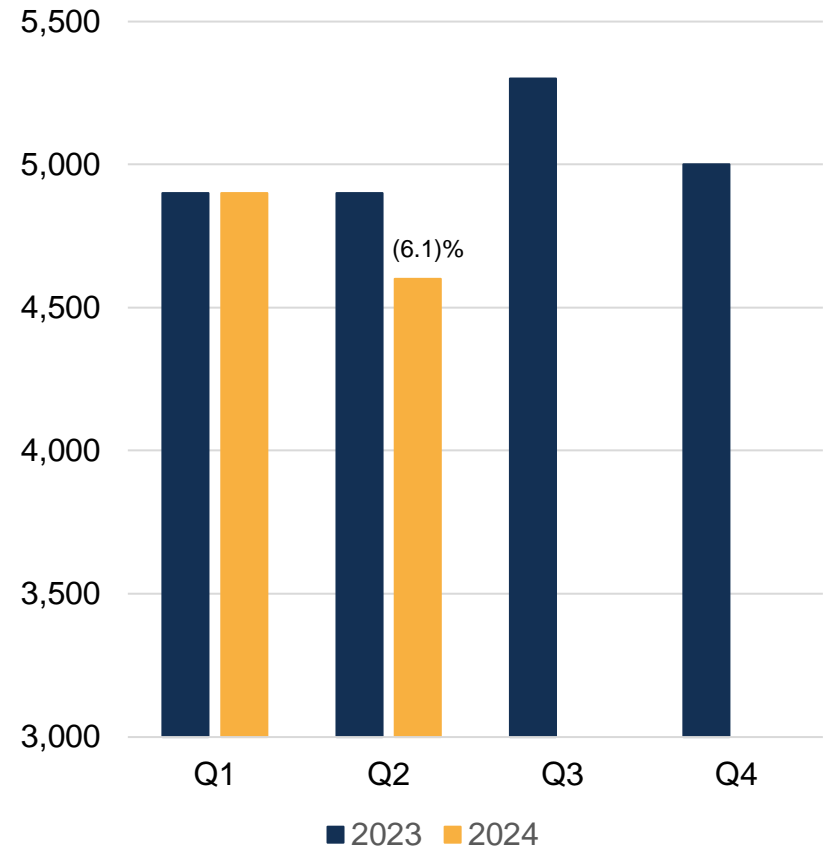
## Second Quarter 2024 Performance

- Container volume decreased 6.1% YoY
  - One less sailing compared to last year

## Full Year 2024 Outlook

- Expect continued improvement in the economy underpinned by a low unemployment rate
- Expect volume to approach the level achieved last year

## Container Volume (FEU Basis)





# Alaska Service

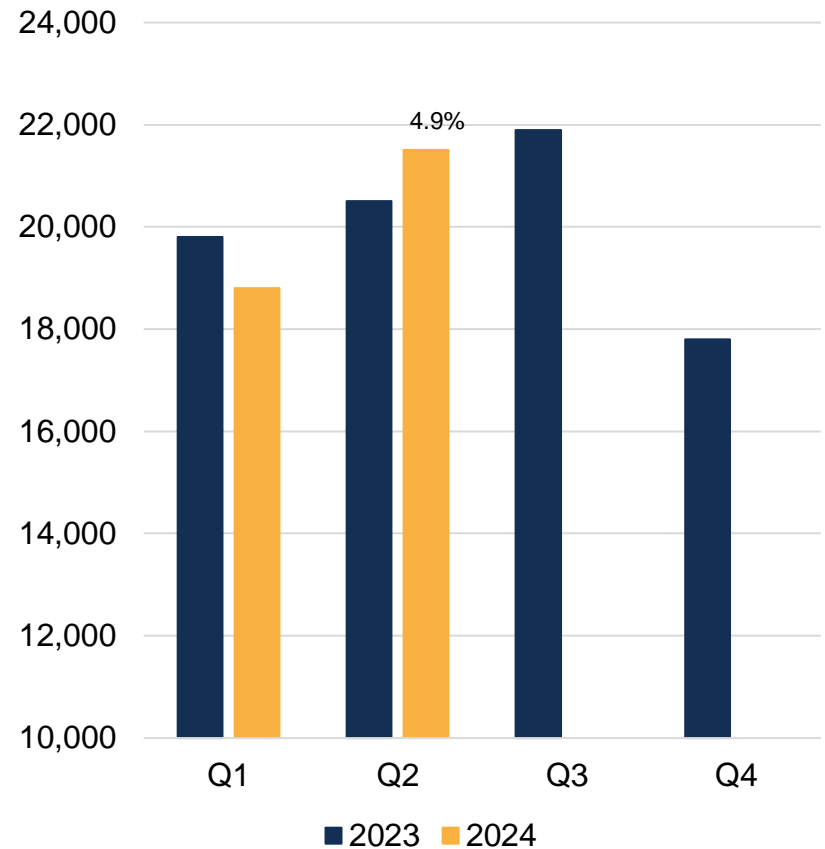
## Second Quarter 2024 Performance

- Container volume increased 4.9% YoY
  - Two additional northbound sailings compared to last year

## Full Year 2024 Outlook

- Expect continued economic growth in Alaska supported by a low unemployment rate, jobs growth and lower levels of inflation
- Expect volume to approximate the level achieved last year

## Container Volume (FEU Basis)



Note: an additional northbound sailing in 1Q23.

# SSAT Joint Venture

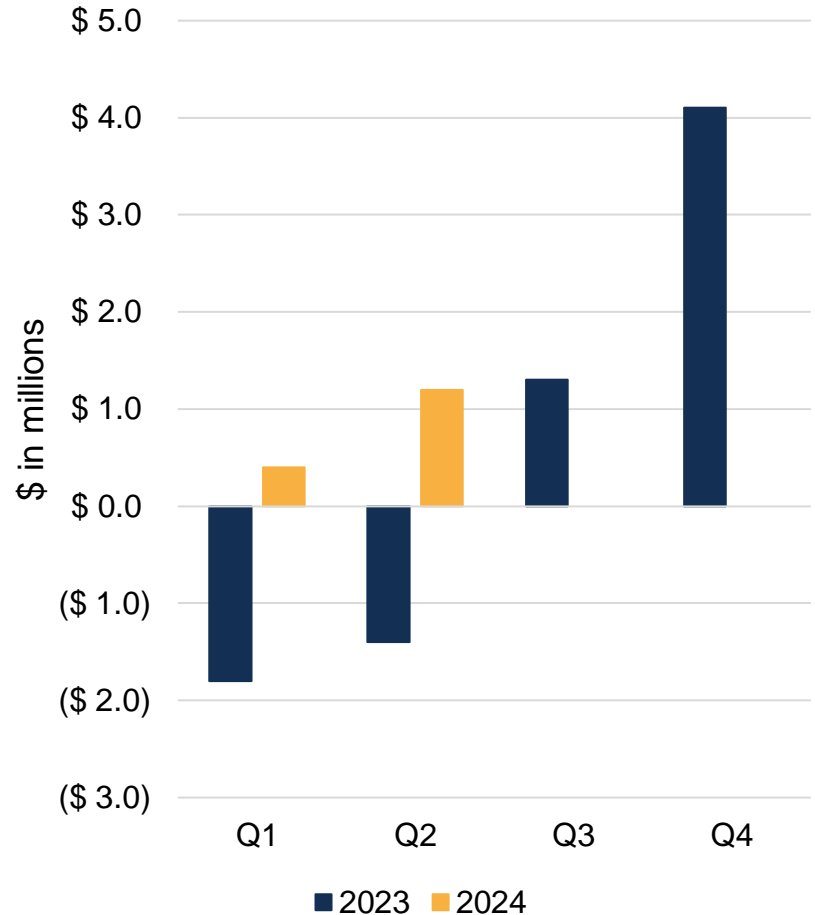
## Second Quarter 2024 Performance

- Terminal joint venture contribution was \$1.2 million; YoY increase of \$2.6 million
  - Primarily due to higher lift volumes

## Full Year 2024 Outlook

- Expect contribution to be modestly higher than 2023 due to an expected increase in lift volumes

## Equity in Income of Joint Venture



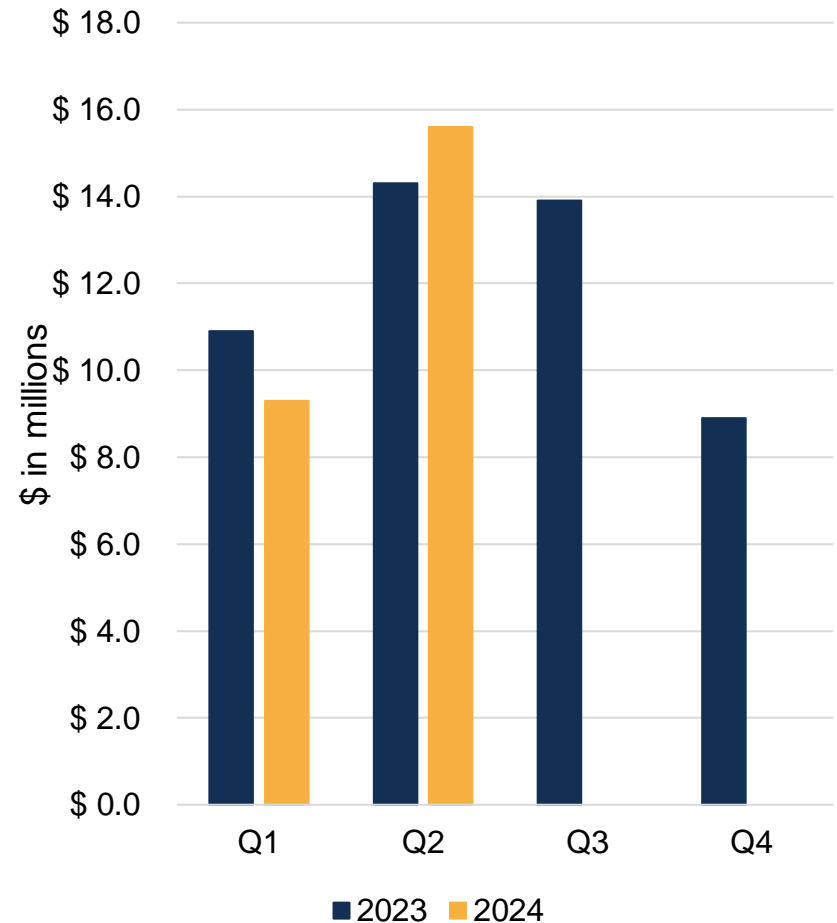
## Second Quarter 2024 Performance

- Operating income of \$15.6 million; YoY increase of approximately \$1.3 million
  - Higher contribution from supply chain management

## Full Year 2024 Outlook

- Expect modest improvement in business conditions in the second half of 2024
- Expect operating income in 3Q and 4Q of 2024 to approximate the levels achieved in 2023

## Operating Income



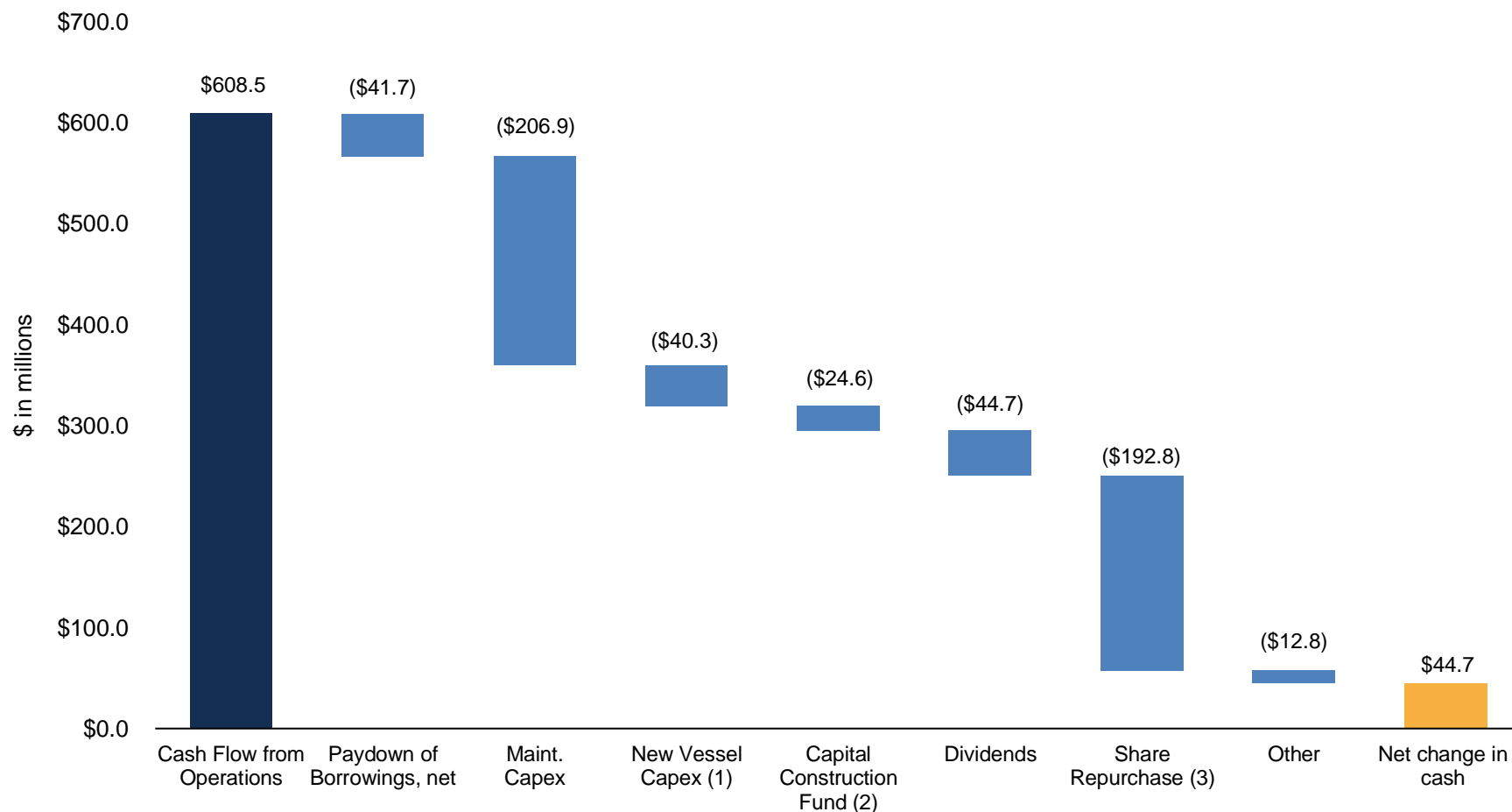
# Financial Results – Summary Income Statement

| (\$ in millions, except per share data)                     | Year-to-Date      |                   |                |               | Second Quarter     |                 |                |               |
|---|-------------------|-------------------|----------------|---------------|--------------------|-----------------|----------------|---------------|
|   | YTD Ended 6/30    |                   | Δ              |               | Quarter Ended 6/30 |                 | Δ              |               |
|   | 2024              | 2023              | \$             | %             | 2024               | 2023            | \$             | %             |
| <b>Revenue</b>  |                   |                   |                |               |                    |                 |                |               |
| Ocean Transportation  | \$ 1,268.9        | \$ 1,167.9        | \$ 101.0       | 8.6%          | \$ 689.9           | \$ 616.9        | \$ 73.0        | 11.8%         |
| Logistics   | 300.6             | 310.3             | ( 9.7)         | (3.1)%        | 157.5              | 156.5           | 1.0            | 0.6%          |
| <b>Total Revenue</b>  | <b>\$ 1,569.5</b> | <b>\$ 1,478.2</b> | <b>\$ 91.3</b> | <b>6.2%</b>   | <b>\$ 847.4</b>    | <b>\$ 773.4</b> | <b>\$ 74.0</b> | <b>9.6%</b>   |
| <b>Operating Income</b>                                     |                   |                   |                |               |                    |                 |                |               |
| Ocean Transportation  | \$ 136.6          | \$ 110.2          | \$ 26.4        | 24.0%         | \$ 109.0           | \$ 82.4         | \$ 26.6        | 32.3%         |
| Logistics   | 24.9              | 25.2              | ( 0.3)         | (1.2)%        | 15.6               | 14.3            | 1.3            | 9.1%          |
| <b>Total Operating Income</b>                               | <b>\$ 161.5</b>   | <b>\$ 135.4</b>   | <b>\$ 26.1</b> | <b>19.3%</b>  | <b>\$ 124.6</b>    | <b>\$ 96.7</b>  | <b>\$ 27.9</b> | <b>28.9%</b>  |
| Interest income   | 27.6              | 16.9              | 10.7           | 63.3%         | 18.8               | 8.7             | 10.1           | 116.1%        |
| Interest expense  | ( 4.3)            | ( 7.4)            | 3.1            | (41.9)%       | ( 2.1)             | ( 2.9)          | 0.8            | (27.6)%       |
| Other income (expense), net                                 | 3.6               | 3.6               | -              | - %           | 1.8                | 1.8             | -              | - %           |
| Income taxes  | ( 39.1)           | ( 33.7)           | ( 5.4)         | 16.0%         | ( 29.9)            | ( 23.5)         | ( 6.4)         | 27.2%         |
| <b>Net Income</b>   | <b>\$ 149.3</b>   | <b>\$ 114.8</b>   | <b>\$ 34.5</b> | <b>30.1%</b>  | <b>\$ 113.2</b>    | <b>\$ 80.8</b>  | <b>\$ 32.4</b> | <b>40.1%</b>  |
| Weighted Average Number of Shares Outstanding (diluted)     | <b>34.5</b>       | <b>36.0</b>       | <b>( 1.5)</b>  | <b>(4.2)%</b> | <b>34.2</b>        | <b>35.7</b>     | <b>( 1.5)</b>  | <b>(4.2)%</b> |
| <b>GAAP EPS, diluted</b>                                    | <b>\$ 4.33</b>    | <b>\$ 3.19</b>    | <b>\$ 1.14</b> | <b>35.7%</b>  | <b>\$ 3.31</b>     | <b>\$ 2.26</b>  | <b>\$ 1.05</b> | <b>46.5%</b>  |
| Depreciation and Amortization (incl. dry-dock amortization) | \$ 89.2           | \$ 83.2           | \$ 6.0         | 7.2%          | \$ 45.1            | \$ 42.0         | \$ 3.1         | 7.4%          |
| EBITDA  | \$ 254.3          | \$ 222.2          | \$ 32.1        | 14.4%         | \$ 171.5           | \$ 140.5        | \$ 31.0        | 22.1%         |

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

# Cash Generation and Uses of Cash

## Last Twelve Months Ended June 30, 2024



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

(2) Includes cash deposits into the Capital Construction Fund (CCF) and interest income on cash deposits and fixed-income securities in the CCF, net of withdrawals for milestone payments.

(3) Includes taxes.

# Financial Results – Summary Balance Sheet

| (\$ in millions)                                  | June 30,<br>2024  | December 31,<br>2023 |
|---|-------------------|----------------------|
| <b>ASSETS</b>                                     |                   |                      |
| Cash and cash equivalents                         | \$ 168.2          | \$ 134.0             |
| Other current assets                              | 378.0             | 468.3                |
| <b>Total current assets</b>                       | <b>546.2</b>      | <b>602.3</b>         |
| Investment in SSAT                                | 86.4              | 85.5                 |
| Property and equipment, net                       | 2,151.2           | 2,089.9              |
| Intangible assets, net                            | 169.1             | 176.4                |
| Capital Construction Fund (CCF)                   | 613.9             | 599.4                |
| Goodwill  | 327.8             | 327.8                |
| Other long-term assets                            | 379.3             | 413.3                |
| <b>Total assets</b>                               | <b>\$ 4,273.9</b> | <b>\$ 4,294.6</b>    |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>       |                   |                      |
| Current portion of debt                           | \$ 39.7           | \$ 39.7              |
| Other current liabilities                         | 544.8             | 522.6                |
| <b>Total current liabilities</b>                  | <b>584.5</b>      | <b>562.3</b>         |
| Long-term debt, net of deferred loan fees         | 370.0             | 389.3                |
| Other long-term liabilities                       | 920.9             | 942.3                |
| <b>Total long-term liabilities</b>                | <b>1,290.9</b>    | <b>1,331.6</b>       |
| <b>Total shareholders' equity</b>                 | <b>2,398.5</b>    | <b>2,400.7</b>       |
| <b>Total liabilities and shareholders' equity</b> | <b>\$ 4,273.9</b> | <b>\$ 4,294.6</b>    |

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

## Share Repurchase

- 2Q24: ~0.6 million shares repurchased for total cost of \$72.2 million
- 1H24: ~1.0 million shares repurchased for a total cost of \$121.1 million

## Debt Levels

- Total Debt of \$420.7 million<sup>(1)</sup>
  - Reduced by \$9.8 million from 1Q24

## Tax Refund

- On April 19, 2024, Matson received a tax refund of \$118.6 million for 2021 federal taxes and \$10.2 million in earned interest income

## Milestone Payment

- 2Q24: Paid \$35.8 million into CCF for milestone payment on new vessels

# 2024 Outlook

## 3Q & 4Q Outlook by Business Segment

### Ocean Transportation – Operating Income

**3Q24** To be meaningfully higher than the \$118.2 million achieved in 3Q23

**4Q24** To be moderately higher than the \$66.4 million achieved in 4Q23

### Logistics – Operating Income

**3Q24** To approximate the \$13.9 million achieved in 3Q23

**4Q24** To approximate the \$8.9 million achieved in 4Q23

## FY 2024 Outlook Items

### Depreciation and Amortization

Approximately \$180 million, including \$27 million in dry-dock amortization

### Interest Income

Approximately \$45 million

### Interest Expense (excluding capitalized interest)

Approximately \$8 million

### Other Income/(Expense)

Approximately \$7 million

### GAAP Effective Tax Rate

Approximately 22%

### Dry-docking Payments

Approximately \$35 million

# Revised Capital Expenditures Outlook

| (\$ in millions)  | FY 2024            | Comments   |
|---|--------------------|--|
| Maintenance and other capital expenditures                            | \$110 – 120        |  |
| Expenditures for LNG installations and reengining on existing vessels | \$85 – 95          | <ul style="list-style-type: none"> <li>• <i>Manukai</i> currently in drydock for installation of new engine and equipment to operate on LNG and conventional fuels (updated estimated total cost ~\$86 million) – currently scheduled to exit drydock in August</li> <li>• <i>Kaimana Hila</i> LNG installation in progress; currently scheduled to exit drydock in November (current estimated total cost ~\$47 million)</li> </ul> |
| Sub-total maintenance and other capex                                 | \$195 – 215        |  |
| New vessel construction milestone payments and related costs          | \$75               | <ul style="list-style-type: none"> <li>• Includes owner's items and capitalized interest expense</li> <li>• Milestone payments are expected to be paid from the CCF</li> </ul>   |
| <b>Total</b>  | <b>\$270 – 290</b> |  |





# Matson®

*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”).

## MATSON, INC. AND SUBSIDIARIES Net Income to EBITDA Reconciliations (Unaudited)

| (In millions)                      | Three Months Ended |          |         | Last Twelve Months |
|------------------------------------|--------------------|----------|---------|--------------------|
|                                    | 2024               | 2023     | Change  |                    |
| Net Income                         | \$ 113.2           | \$ 80.8  | \$ 32.4 | \$ 331.6           |
| Subtract: Interest income          | (18.8)             | (8.7)    | (10.1)  | (46.7)             |
| Add: Interest expense              | 2.1                | 2.9      | (0.8)   | 9.1                |
| Add: Income taxes                  | 29.9               | 23.5     | 6.4     | 81.3               |
| Add: Depreciation and amortization | 38.2               | 35.8     | 2.4     | 146.9              |
| Add: Dry-dock amortization         | 6.9                | 6.2      | 0.7     | 26.6               |
| EBITDA (1)                         | \$ 171.5           | \$ 140.5 | \$ 31.0 | \$ 548.8           |

| (In millions)                      | Six Months Ended |          |         |
|------------------------------------|------------------|----------|---------|
|                                    | 2024             | 2023     | Change  |
| Net Income                         | \$ 149.3         | \$ 114.8 | \$ 34.5 |
| Subtract: Interest income          | (27.6)           | (16.9)   | (10.7)  |
| Add: Interest expense              | 4.3              | 7.4      | (3.1)   |
| Add: Income taxes                  | 39.1             | 33.7     | 5.4     |
| Add: Depreciation and amortization | 75.5             | 70.8     | 4.7     |
| Add: Dry-dock amortization         | 13.7             | 12.4     | 1.3     |
| EBITDA (1)                         | \$ 254.3         | \$ 222.2 | \$ 32.1 |

- (1) EBITDA is defined as earnings before interest, income taxes, 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.