

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D. C. 20549

**FORM 8-K**

**CURRENT REPORT  
Pursuant to Section 13 or 15(d) of The  
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **November 6, 2014**

**MATSON, INC.**

(Exact Name of Registrant as Specified in its Charter)

**HAWAII**

(State or Other Jurisdiction of  
Incorporation)

**001-34187**

(Commission File Number)

**99-0032630**

(I.R.S. Employer Identification  
No.)

**1411 Sand Island Parkway  
Honolulu, Hawaii**

(Address of principal executive offices)

**96819**  
(zip code)

Registrant's telephone number, including area code: **(808) 848-1211**

(Former Name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 2.02. Results of Operations and Financial Condition**

On November 6, 2014, Matson, Inc. (the "Company") issued a press release announcing the Company's earnings for the quarter ended September 30, 2014. A copy of the press release is attached hereto as Exhibit 99.1. In addition, the Company posted an investor presentation to its website. A copy of the investor presentation is attached hereto as Exhibit 99.2.

The information in this report (including Exhibits 99.1 and 99.2) is being furnished pursuant to Item 2.02 and shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934.

**Item 9.01. Financial Statements and Exhibits.**

(a) - (c) Not applicable.

(d) Exhibits.

The exhibits listed below are being furnished with this Form 8-K.

99.1 Press Release issued by Matson, Inc., dated November 6, 2014

99.2 Investor Presentation, dated November 6, 2014

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MATSON, INC.

/s/ Joel M. Wine

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Joel M. Wine

Senior Vice President and Chief Financial Officer

Dated: November 6, 2014



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**FOR IMMEDIATE RELEASE**

**MATSON, INC. ANNOUNCES THIRD QUARTER 2014 DILUTED EPS OF \$0.50**

- Market growth continued in Hawaii, container volume up 3.8 percent YOY
- Freight yields increased across major trade lanes
- 3Q14 Revenue of \$441.8 million, up 6.5 percent YOY
- Ocean transportation operating income of \$42.6 million, up 67.1 percent YOY
- 3Q14 Net Income of \$21.5 million, EBITDA of \$62.2 million
- Diluted EPS of \$0.50, up 25.0 percent YOY

HONOLULU, Hawaii (November 6, 2014) — Matson, Inc. (“Matson” or the “Company”) (NYSE: MATX), a leading U.S. carrier in the Pacific, today reported net income of \$21.5 million or \$0.50 per diluted share for the quarter ended September 30, 2014, compared with \$17.2 million or \$0.40 per diluted share in 2013. Consolidated revenue for the third quarter 2014 was \$441.8 million compared with \$415.0 million in 2013.

For the nine-month period ended September 30, 2014, Matson reported net income of \$43.0 million, or \$1.00 per diluted share compared with \$46.4 million, or \$1.08 per diluted share in 2013. Consolidated revenue for the nine-month period ended September 30, 2014 was \$1,270.7 million, compared with \$1,226.3 million in 2013.

Matt Cox, Matson’s President and Chief Executive Officer, commented, “The Hawaii economy is showing increased vibrancy, and we are earning our share of this growth. We had a strong third quarter this year, the result of a rebound in container carriage in our core Hawaii market, timing of fuel surcharge recoveries, higher freight yields in our major trade lanes, improved lift volumes at SSAT and continuing improvements at Logistics. Also, we incurred several unfavorable items in the third quarter of last year which affected year-over-year comparisons.”

Mr. Cox continued, “Our third quarter financial results outperformed last year and as we look to the fourth quarter of this year, we expect overall results to exceed the results achieved in the fourth quarter of 2013, reflecting continued market growth in our core Hawaii market, strong demand for our premium expedited China service, and improvements at Logistics.”

1

**Fourth Quarter 2014 Outlook**

*Ocean Transportation:* In the third quarter 2014, Hawaii container volume was driven higher by market growth. For the fourth quarter 2014, the Company expects continued market growth in the Hawaii trade, with its Hawaii volume expected to be modestly higher than the fourth quarter 2013. A competitor is expected to launch new containership capacity into the Hawaii trade early in 2015, and therefore, is not expected to impact the Company’s volume for the remainder of 2014. In the China trade, overcapacity is expected to continue. However, the Company expects to maintain high vessel utilization and achieve higher average freight rates, as its expedited service continues to realize a significant premium to market rates. In Guam, the Company expects volume to be modestly better than 2013, assuming no new competitors enter the market.

In the fourth quarter 2014, the Company expects ocean transportation operating income to increase from the \$26.0 million achieved in the fourth quarter 2013 (excluding a \$9.95 million litigation charge). This outlook excludes any future impact from the September 2013 molasses incident.

*Logistics:* In the fourth quarter 2014, the Company expects operating income to be slightly higher than comparable 2013 levels, reflecting continuing improvement in volume growth, expense control and warehouse operations.

*Interest Expense:* The Company expects its interest expense in 2014 to be approximately \$17.3 million, an increase over the 2013 amount due primarily to the Notes financing transaction that closed on January 28, 2014.

*Income Tax Expense:* The Company expects the full year 2014 effective tax rate to be approximately 43 percent.

*Other:* The Company expects maintenance capital expenditures for 2014 to be approximately \$40.0 million. Additionally, the Company does not have any scheduled contract payments in 2014 related to its two vessels under construction. However, in the third quarter 2014 the Company made an additional deposit of \$65.5 million to its Capital Construction Fund (“CCF”) comprised of \$27.5 million in cash and \$38.0 million of eligible receivables. These deposits will have the effect of deferring a portion of the Company’s current cash tax liabilities.

2

**Results By Segment**

**Ocean Transportation — Three-months ended September 30, 2014 compared with 2013**

(dollars in millions)	Three-Months Ended September 30		
	2014	2013	Change
Ocean transportation revenue	\$ 329.5	\$ 310.1	6.3%
Operating costs and expenses	286.9	284.6	0.8%
Operating income	\$ 42.6	\$ 25.5	67.1%
Operating income margin	12.9%	8.2%	
Volume (Units) (1)			
Hawaii containers	35,900	34,600	3.8%
Hawaii automobiles	13,300	16,800	(20.8)%
China containers	15,000	16,200	(7.4)%
Guam containers	6,100	6,000	1.7%
Micronesia/South Pacific containers	4,400	3,200	37.5%

- (1) Approximate container volumes included for the period are based on the voyage departure date, but revenue and operating income are adjusted to reflect the percentage of revenue and operating income earned during the reporting period for voyages that straddle the beginning or end of each reporting period.

Ocean transportation revenue increased \$19.4 million, or 6.3 percent, during the third quarter 2014 compared with 2013. The increase was due primarily to higher fuel surcharge revenue, Hawaii container volume growth and higher freight yields across all major trade lanes, partially offset by lower automobile volume.

Compared with the third quarter 2013, Hawaii container volume increased 3.8 percent due primarily to market growth; China volume decreased 7.4 percent, the result of one fewer sailing; Guam volume increased slightly; and Micronesia/South Pacific volume increased 37.5 percent due to reconfiguration of the South Pacific service. Hawaii automobile volume decreased 20.8 percent primarily due to certain customer losses.

Ocean transportation operating income increased \$17.1 million, or 67.1 percent, during the third quarter 2014 compared with 2013. The increase can be attributed primarily to the timing of fuel surcharge recoveries, improved results at SSAT, higher container volume in Hawaii, and higher freight yields across all major trade lanes, partially offset by higher terminal handling expenses. In addition, the third quarter 2013 was impacted by certain unfavorable items including an adverse arbitration decision of \$3.8 million related to previously co-owned Guam terminal assets and a \$2.2 million tax allocation item related to the Company's separation from Alexander & Baldwin, Inc. In the third quarter 2014, the Company incurred \$2.1 million in penalties, legal and other expenses related to the molasses released into Honolulu Harbor in September 2013.

The Company's SSAT terminal joint venture contributed \$3.1 million during the third quarter 2014, compared to a \$2.4 million loss in 2013. The increase was primarily attributable to increased lift volume and improved productivity. In addition, the third quarter 2013 included transition costs related to the expansion of SSAT's terminal operations in Oakland.

### Ocean Transportation — Nine-months ended September 30, 2014 compared with 2013

(dollars in millions)	Nine-Months Ended September 30		
	2014	2013	Change
Ocean transportation revenue	\$ 945.2	\$ 920.0	2.7%
Operating costs and expenses	860.4	841.7	2.2%
Operating income	\$ 84.8	\$ 78.3	8.3%
Operating income margin	9.0%	8.5%	
Volume (Units) (1)			
Hawaii containers	104,000	104,600	(0.6)%
Hawaii automobiles	56,100	63,000	(11.0)%
China containers	44,400	45,800	(3.1)%
Guam containers	18,300	17,900	2.2%
Micronesia/South Pacific containers	10,700	8,000	33.8%

- (1) Approximate container volumes included for the period are based on the voyage departure date, but revenue and operating income are adjusted to reflect the percentage of revenue and operating income earned during the reporting period for voyages that straddle the beginning or end of each reporting period.

Ocean transportation revenue increased \$25.2 million, or 2.7 percent, during the nine-month period ended September 30, 2014 compared to 2013. The increase was due primarily to higher freight yields across all major trade lanes and increased volume in the South Pacific, partially offset by lower automobile volume.

During the nine-month period ended September 30, 2014, Hawaii container volume was relatively flat; China volume declined 3.1 percent, the result of two additional sailings in the prior year; Guam volume increased modestly due to timing of shipments; and Micronesia/South Pacific volume increased 33.8 percent reflecting a full nine months of operations and service reconfiguration in the South Pacific. Hawaii automobile volume decreased 11.0 percent primarily due to certain customer losses.

Ocean transportation operating income increased \$6.5 million, or 8.3 percent, during the nine-month period ended September 30, 2014 compared with 2013. The increase can be attributed primarily to higher freight yields across all major trade lanes, lower outside transportation costs, and improved results at SSAT, which were partially offset by increased terminal handling costs. In addition, the third quarter 2013 was impacted by certain unfavorable items including an adverse arbitration decision of \$3.8 million related to previously co-owned Guam terminal assets and a \$2.2 million tax allocation item related to the

Company's separation from Alexander & Baldwin, Inc. Year-to-date 2014, the Company has incurred \$4.2 million in penalties, legal and other expenses related to the molasses released into Honolulu Harbor in September 2013.

The Company's SSAT terminal joint venture contributed \$5.4 million during the nine-month period ended September 30, 2014, compared to a \$3.0 million loss in 2013. The increase was primarily attributable to increased lift volume and improved productivity. In addition, the third quarter 2013 included transition costs related to the expansion of SSAT's terminal operations in Oakland.

4

### Logistics— Three-months ended September 30, 2014 compared with September 30, 2013

(dollars in millions)	Three-Months Ended September 30		
	2014	2013	Change
Intermodal revenue	\$ 63.5	\$ 63.0	0.8%
Highway revenue	48.8	41.9	16.5%
Total Logistics Revenue	112.3	104.9	7.1%
Operating costs and expenses	109.9	103.2	6.5%
Operating income	\$ 2.4	\$ 1.7	41.2%
Operating income margin	2.1%	1.6%	

Logistics revenue increased \$7.4 million, or 7.1 percent, during the third quarter 2014 compared to 2013. This increase was primarily due to higher highway volume.

Logistics operating income increased by \$0.7 million during the third quarter 2014 compared to 2013. The increase was primarily due to warehouse operating improvements and increased highway volume, partially offset by lower intermodal yield.

### Logistics — Nine-months ended September 30, 2014 compared with September 30, 2013

(dollars in millions)	Nine-Months Ended September 30		
	2014	2013	Change
Intermodal revenue	\$ 185.3	\$ 185.2	0.1%
Highway revenue	140.2	121.1	15.8%
Total Logistics Revenue	325.5	306.3	6.3%
Operating costs and expenses	319.7	302.2	5.8%
Operating income	\$ 5.8	\$ 4.1	41.5%
Operating income margin	1.8%	1.3%	

Logistics revenue increased \$19.2 million, or 6.3 percent, during the nine-month period ended September 30, 2014 compared to 2013. This increase was primarily due to higher highway and international intermodal volume, partially offset by lower domestic intermodal volume.

Logistics operating income increased by \$1.7 million during the nine-month period ended September 30, 2014 compared to 2013. The increase was primarily due to, warehouse operating improvements, increased highway volume, and a favorable litigation settlement, partially offset by lower intermodal yield.

### EBITDA and Capital Allocation

Matson generated EBITDA of \$62.2 million during the third quarter 2014 compared to \$44.1 million in 2013, an increase of \$18.1 million, due to increased ocean transportation and logistics operating income.

Maintenance capital expenditures for the third quarter 2014 totaled \$5.4 million compared with \$9.9 million in 2013.

On October 23, 2014, Matson's Board of Directors declared a cash dividend of \$0.17 per share payable December 4, 2014, to all shareholders of record as of the close of business on November 6, 2014.

5

### Liquidity and Debt Levels

Total debt as of September 30, 2014 was \$377.5 million, of which \$360.4 million was long-term debt. During the third quarter 2014, cash and cash equivalents increased by \$7.2 million to \$230.9 million at September 30, 2014 compared to June 30, 2014. The ratio of Net Debt to last twelve month EBITDA was 0.8 as of September 30, 2014.

### Teleconference and Webcast

Matson, Inc. has scheduled a conference call at 4:30 p.m. EST/1:30 p.m. PST/11:30 a.m. HST today to discuss its third quarter performance. The call will be broadcast live along with a slide presentation on the Company's website at [www.matson.com](http://www.matson.com); Investor Relations. A replay of the conference call will be available approximately two hours after the call through Thursday, November 13, 2014 by dialing 1-855-859-2056 or 1-404-537-3406 and using the conference number 7478277.

### About the Company

Founded in 1882, Matson is a leading U.S. carrier in the Pacific. Matson provides a vital lifeline to the island economies of Hawaii, Guam, Micronesia and select South Pacific islands, and operates a premium, expedited service from China to Southern California. The Company's fleet consists of 18 owned and

three chartered vessels including containerships, combination container/roll-on/roll-off ships, and custom-designed barges. Established in 1987, Matson Logistics extends the geographic reach of Matson's transportation network throughout the continental U.S. Logistics services include domestic and international rail intermodal, highway brokerage and warehousing. Additional information about Matson, Inc. is available at [www.matson.com](http://www.matson.com).

## GAAP to Non-GAAP Reconciliation

This press release, the Form 8-K and information to be discussed in the conference call include non-GAAP measures. While 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, Depreciation and Amortization ("EBITDA").

6

## Forward-Looking Statements

Statements in this news release that are not historical facts are "forward-looking statements," within the meaning of the Private Securities Litigation Reform Act of 1995, that involve a number of risks and uncertainties that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement, including but not limited to risks and uncertainties relating to regional, national and international economic conditions; new or increased competition; fuel prices and our ability to collect fuel surcharges; our relationship with vendors, customers and partners and changes in related agreements; the actions of our competitors, including the timing of the entry of a competitor in the Guam trade lane; consummating and integrating acquisitions; conditions in the financial markets; changes in our credit profile and our future financial performance; the impact of future and pending legislation, including environmental legislation; government regulations and investigations; the potential adverse effect of the molasses release on Matson's business and stock price, the potential for changes in the Company's operations or regulatory compliance obligations and potential governmental agency claims, disputes, legal or other proceedings, fines, penalties, natural resource damages, inquiries or investigations or other regulatory actions, including debarment, relating to the molasses release; repeal, substantial amendment or waiver of the Jones Act or its application, or our failure to maintain our status as a United States citizen under the Jones Act; relations with our unions; satisfactory negotiation and renewal of expired collective bargaining agreements; and the occurrence of marine accidents, poor weather or natural disasters. These forward-looking statements are not guarantees of future performance. This release should be read in conjunction with our Annual Report on Form 10-K and our other filings with the SEC through the date of this release, which identify important factors that could affect the forward-looking statements in this release. We do not undertake any obligation to update our forward-looking statements.

###

7

## MATSON, INC. AND SUBSIDIARIES

### Condensed Consolidated Statements of Income

(Unaudited)

(In millions, except per-share amounts)	Three-Months Ended September 30,		Nine-Months Ended September 30,	
	2014	2013	2014	2013
<b>Operating Revenue:</b>				
Ocean transportation	\$ 329.5	\$ 310.1	\$ 945.2	\$ 920.0
Logistics	112.3	104.9	325.5	306.3
Total operating revenue	441.8	415.0	1,270.7	1,226.3
<b>Costs and Expenses:</b>				
Operating costs	363.8	353.6	1,078.5	1,041.3
Equity in (income) loss from terminal joint venture	(3.1)	2.4	(5.4)	3.0
Selling, general and administrative	36.1	31.8	107.0	99.6
Total operating costs and expenses	396.8	387.8	1,180.1	1,143.9
Operating Income	45.0	27.2	90.6	82.4
Interest expense	(4.4)	(3.6)	(13.0)	(10.9)
Income Before Income Taxes	40.6	23.6	77.6	71.5
Income tax expense	(19.1)	(6.4)	(34.6)	(25.1)
Net Income	\$ 21.5	\$ 17.2	\$ 43.0	\$ 46.4
Basic Earnings Per Share:	\$ 0.50	\$ 0.40	\$ 1.00	\$ 1.09
Diluted Earnings Per Share:	\$ 0.50	\$ 0.40	\$ 1.00	\$ 1.08
<b>Weighted Average Number of Shares Outstanding:</b>				
Basic	43.0	42.8	43.0	42.7
Diluted	43.4	43.3	43.3	43.1
Cash Dividends Per Share	\$ 0.17	\$ 0.16	\$ 0.49	\$ 0.46

8

**MATSON, INC. AND SUBSIDIARIES**  
**Condensed Consolidated Balance Sheets**  
(Unaudited)

(In millions)	September 2014	December 2013
<b>ASSETS</b>		
Cash and cash equivalents	\$ 230.9	\$ 114.5
Other current assets	233.8	234.4
Total current assets	464.7	348.9
Investment in terminal joint venture	63.2	57.6
Property and equipment, net	706.3	735.4
Other assets	126.6	106.4
Total assets	<u>\$ 1,360.8</u>	<u>\$ 1,248.3</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current portion of long-term debt	\$ 17.1	\$ 12.5
Other current liabilities	187.7	188.1
Total current liabilities	<u>204.8</u>	<u>200.6</u>
Long-term debt	360.4	273.6
Deferred income taxes	324.1	326.1
Other liabilities	104.6	109.8
Total long-term liabilities	<u>789.1</u>	<u>709.5</u>
Total shareholders' equity	366.9	338.2
Total liabilities and shareholders' equity	<u>\$ 1,360.8</u>	<u>\$ 1,248.3</u>

9

**Net Debt Reconciliation**

(In millions)	September 30, 2014
Total Debt:	\$ 377.5
Less: Total cash and cash equivalents	(230.9)
Net Debt	<u>\$ 146.6</u>

**EBITDA Reconciliation**

(In millions)	Three-Months Ended September 30		Change	Last Twelve Months
	2014	2013		
Net Income	\$ 21.5	\$ 17.2	\$ 4.3	\$ 50.3
Add: Income tax expense	19.1	6.4	12.7	41.7
Add: Interest expense	4.4	3.6	0.8	16.5
Add: Depreciation and amortization	17.2	16.9	0.3	69.4
EBITDA (1)	<u>\$ 62.2</u>	<u>\$ 44.1</u>	<u>\$ 18.1</u>	<u>\$ 177.9</u>

(1) EBITDA is defined as the sum of net income, less income or loss from discontinued operations, plus income tax expense, interest expense and depreciation and 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.

10





*Third Quarter 2014 Earnings Conference Call — November 6, 2014*



## Forward Looking Statements

Statements made during this call and 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 today, November 6, 2014.

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 8-14 of the 2013 Form 10-K filed on February 28, 2014, and other subsequent filings by Matson with the SEC. Statements made during this call and presentation are not guarantees of future performance.

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



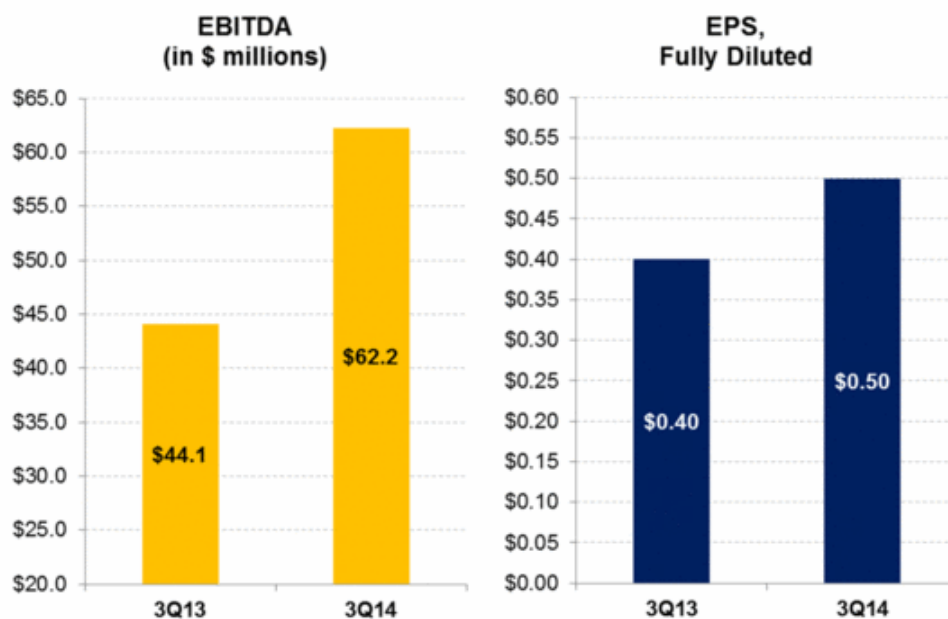
## Opening Remarks

- A strong third quarter 2014, resulting from:
  - 3.8 percent YOY Hawaii container volume growth
  - Timing of fuel surcharge recoveries
  - Higher freight yields in major trades
  - Improved lift volume and productivity at SSAT
  - Continuing YOY improvement in Logistics
- 4Q 2014 operating income expected to exceed 4Q 2013 level
- Molasses update
  - Pled guilty to two misdemeanor violations and agreed to pay \$1 million
  - Civil EPA and State investigations ongoing



## EBITDA, EPS – 3Q 2014

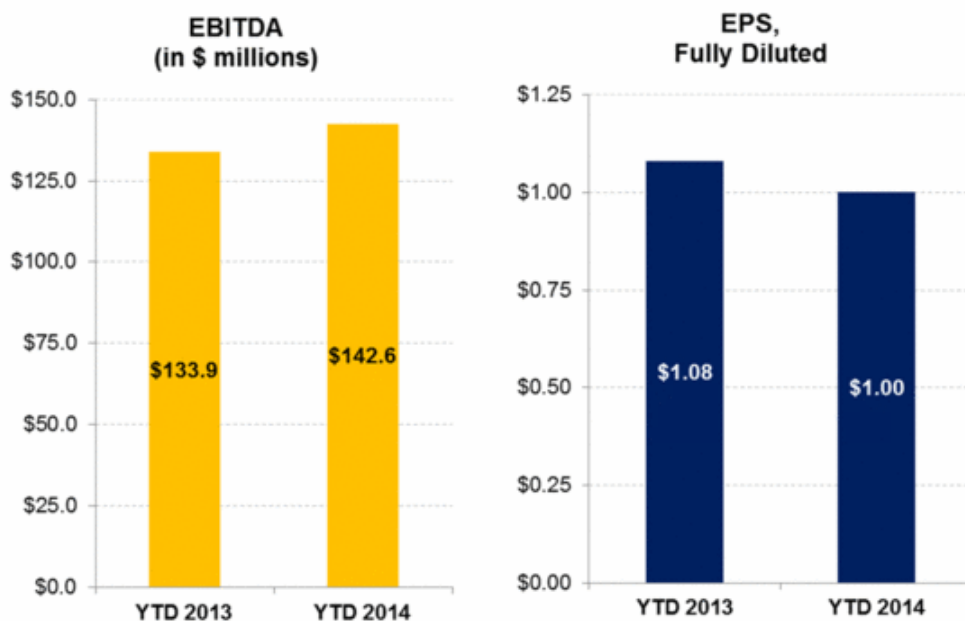
3Q14 Net Income of \$21.5 million versus 3Q13 Net Income of \$17.2 million



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

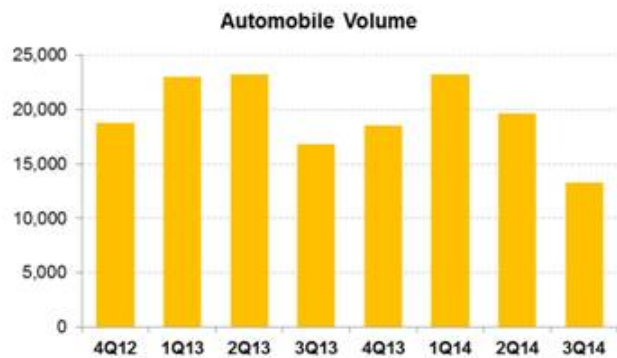
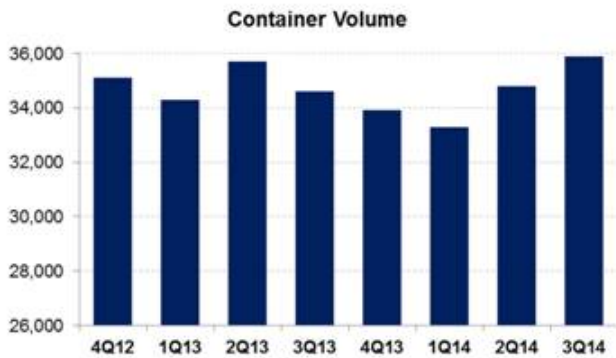
## EBITDA, EPS – YTD 2014

YTD 2014 Net Income of \$43.0 million versus YTD 2013 Net Income of \$46.4 million



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

# Hawaii Service



## Third Quarter Performance

- Market growth continued
- Container volume up 3.8 percent
- Higher freight rates
- Automobile volume down 20.8 percent due to select customer losses

## Outlook for 4Q 2014

- Expect growth in the Hawaii trade to continue, with Matson's Hawaii volume to modestly exceed 4Q 2013 levels
- Core 9-ship fleet deployment expected

## Hawaii Economic Indicators

- Construction activity key to Hawaii volume growth
  - Forecast shifted out
- Kakaako and surrounding area projects – 15 projects with a combined total of ~5,400 units under construction, permitted, in permitting or recently completed
- Continued progress on Honolulu Rail Transit Project

Indicator (% Change YOY)	2013	2014F	2015F	2016F
Real Gross Domestic Product	1.9	2.9	3.5	2.7
Visitor Arrivals	1.7	1.2	1.9	1.0
Construction Jobs	5.6	0.9	5.9	6.0
Residential Building Permits	16.5	7.8	27.5	22.2
Non-Residential Building Permits	(10.7)	23.9	9.6	5.8

Sources: UHERO: University of Hawaii Economic Research Organization; STATE FORECAST UPDATE, October 24, 2014, <http://www.uhero.hawaii.edu>

## Guam Service



### Third Quarter Performance

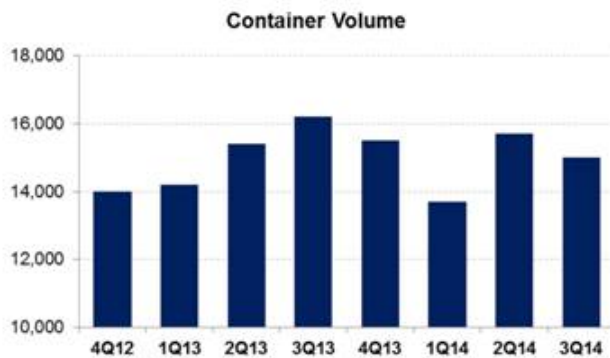
- Slight increase in volume
- Steady ongoing economic activity

### Outlook for 4Q 2014

- Modest volume improvement expected, assuming no new competitor enters market



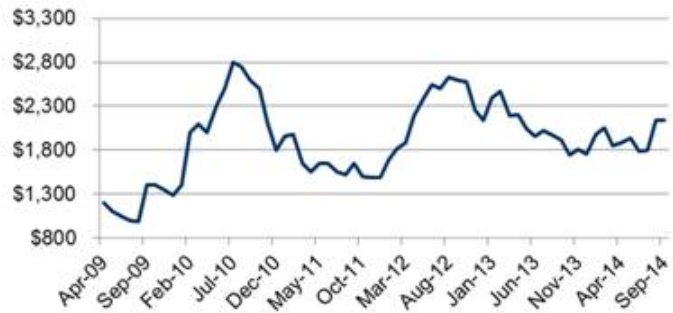
## China Expedited Service (CLX)



### Third Quarter Performance

- Volume declined due to one fewer sailing in the quarter compared to last year
- Sizable premium to market rates
- Continued strong demand for expedited services

### Average Shanghai Containerized Freight Index (Spot Rates per FEU)

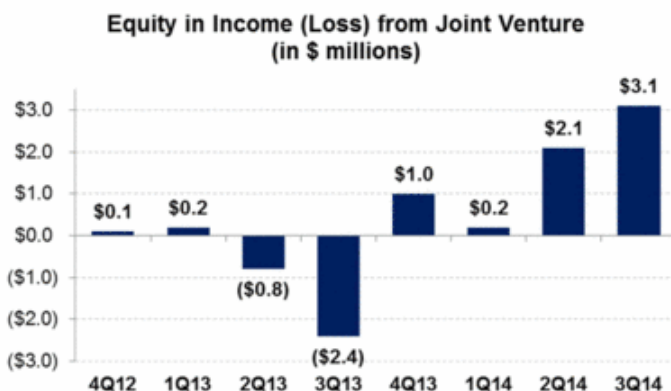


Source: Shanghai Shipping Exchange

### Outlook for 4Q 2014

- Market overcapacity expected to continue
- Matson expects to maintain high utilization levels and achieve higher average freight rates than 4Q13

## SSAT Joint Venture



### Third Quarter Performance

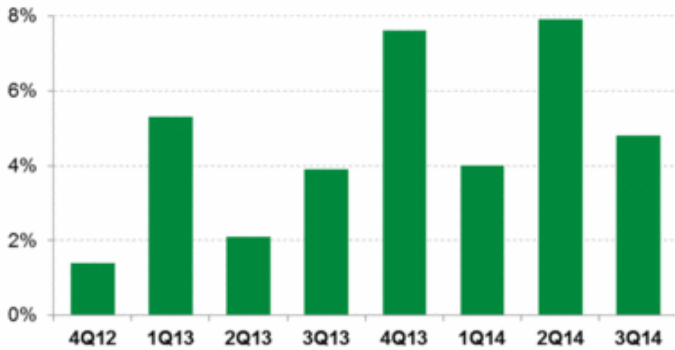
- Improved lift volume throughout operations
- Productivity improvements at Oakland terminal



### Outlook for 4Q 2014

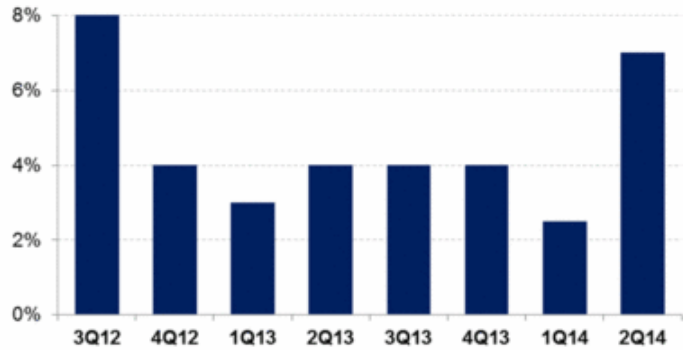
- Modest profit expected
- Incremental volume gains

YOY Growth in AAR Total Intermodal Volume



Source: Association of American Railroads

YOY Growth in TIA Total Highway Volume



Source: Transport Intermediaries Association

### Third Quarter Performance

- Highway volume and yield growth
- Warehouse operating improvements
- Lower intermodal yield

### Outlook for 4Q 2014

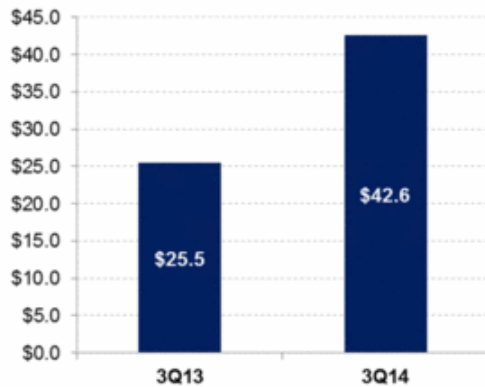
- Improvement in volume
- Continued expense control and improvements in warehouse operations



## 3Q2014 Operating Income

3Q14 Consolidated Operating Income of \$45.0 million versus \$27.2 million in 3Q13

**Ocean Transportation**  
3Q Operating Income  
(in \$ millions)



	3Q13	3Q14	Change
Revenue	\$310.1	\$329.5	\$19.4
Operating Income	\$25.5	\$42.6	\$17.1
Oper. Income Margin	8.2%	12.9%	

SSAT had a \$3.1 million contribution in 3Q14 compared to a \$2.4 million loss in 3Q13

**Logistics**  
3Q Operating Income  
(in \$ millions)



	3Q13	3Q14	Change
Revenue	\$104.9	\$112.3	\$7.4
Operating Income	\$1.7	\$2.4	\$0.7
Oper. Income Margin	1.6%	2.1%	

## YTD 2014 Operating Income

YTD 2014 Consolidated Operating Income of \$90.6 million versus \$82.4 million YTD 2013

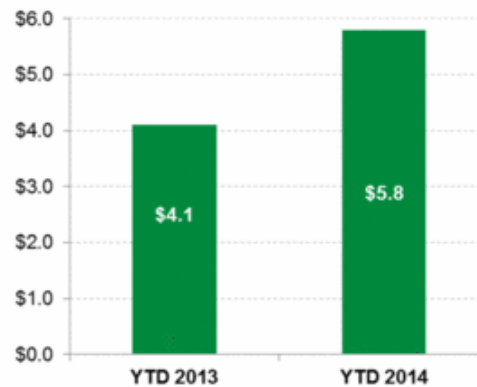
**Ocean Transportation**  
Operating Income  
(in \$ millions)



	YTD13	YTD14	Change
Revenue	\$920.0	\$945.2	\$25.2
Operating Income	\$78.3	\$84.8	\$6.5
Oper. Income Margin	8.5%	9.0%	

SSAT had a \$5.4 million contribution YTD 2014 compared to a \$3.0 million loss YTD 2013

**Logistics**  
Operating Income  
(in \$ millions)



	YTD13	YTD14	Change
Revenue	\$306.3	\$325.5	\$19.2
Operating Income	\$4.1	\$5.8	\$1.7
Oper. Income Margin	1.3%	1.8%	

## Condensed Statement of Income

(in \$ millions)	3Q14	3Q13
Operating Revenue		
Ocean transportation	\$329.5	\$310.1
Logistics	112.3	104.9
<b>Total operating revenue</b>	<b>441.8</b>	<b>415.0</b>
Costs and Expenses		
Operating costs	363.8	353.6
Selling, general and administrative	36.1	31.8
Equity in (income) loss from terminal joint venture	(3.1)	2.4
<b>Total operating costs and expenses</b>	<b>396.8</b>	<b>387.8</b>
<b>Operating Income</b>	<b>45.0</b>	<b>27.2</b>
Interest expense	(4.4)	(3.6)
Income tax expense	(19.1)	(6.4)
<b>Net Income</b>	<b>\$21.5</b>	<b>\$17.2</b>
Diluted Earnings Per Share (\$/share)	\$0.50	\$0.40

### Key Items

- Total Revenue increased 6.5%
- Operating costs increased 2.9%
- Effective tax rate of 47%
- LTM EBITDA of \$177.9 million

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



Third Quarter 2014 Earnings Conference Call | November 6, 2014 – Slide 14

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## Condensed Balance Sheet

Assets (in \$ millions)	9/30/14	12/31/13
Cash and cash equivalents	\$ 230.9	\$ 114.5
Other current assets	233.8	234.4
<b>Total current assets</b>	<b>464.7</b>	<b>348.9</b>
Investment in terminal joint venture	63.2	57.6
Property and equipment, net	706.3	735.4
Other assets	126.6	106.4
<b>Total assets</b>	<b>\$1,360.8</b>	<b>\$1,248.3</b>
<b>Liabilities &amp; Shareholders' Equity (in \$ millions)</b>	<b>9/30/14</b>	<b>12/31/13</b>
Current portion of long-term debt	\$ 17.1	\$ 12.5
Other current liabilities	187.7	188.1
<b>Total current liabilities</b>	<b>204.8</b>	<b>200.6</b>
Long term debt	360.4	273.6
Deferred income taxes	324.1	326.1
Other liabilities	104.6	109.8
<b>Total long term liabilities</b>	<b>789.1</b>	<b>709.5</b>
<b>Shareholders' equity</b>	<b>366.9</b>	<b>338.2</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$1,360.8</b>	<b>\$1,248.3</b>

### Liquidity and Debt Levels

- Cash increased \$116.4 million YTD
- Total debt of \$377.5 million
- Net Debt/ LTM EBITDA ratio of 0.8x
- Issued \$100 million senior unsecured 30-year notes on January 28, 2014
- \$65.5 million contribution to CCF in 3Q14 (\$27.5 million Cash, \$38.0 million Receivables)

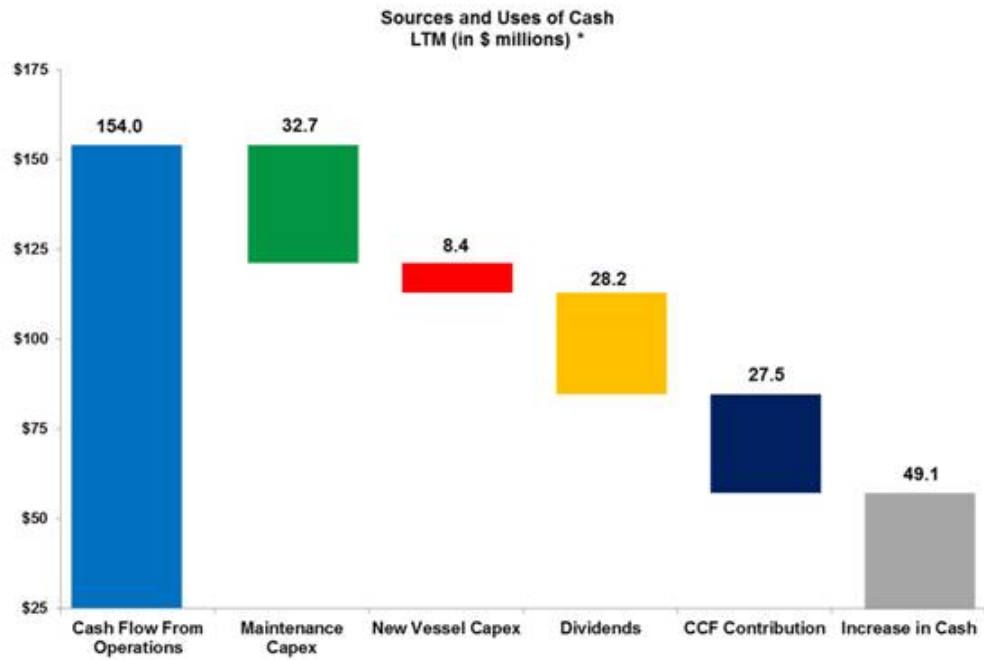
See the Addendum for a reconciliation of GAAP to non-GAAP for Financial Metrics



Third Quarter 2014 Earnings Conference Call | November 6, 2014 – Slide 15

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# Cash Generation and Uses of Cash



\* LTM = Last Twelve Months as of September 30, 2014; Does not include \$100 million financing in January 2014 or \$8.1 million in Other sources of Cash

## Fourth Quarter 2014 Outlook

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- Outlook excludes any future impact of the molasses incident, which is unknown, and is being provided relative to 2013 operating income excluding the \$9.95 million Litigation Charge taken in 4Q13
- Ocean Transportation operating income for 4Q 2014 expected to increase from 4Q 2013 level of \$26.0 million:
  - Modest increase in Hawaii volume
  - Modest improvement in Guam volume
  - Improved volume and rates in China
  - Core 9-ship fleet deployment
  - Modest profit at SSAT
- Logistics operating income expected to be slightly higher than 4Q 2013 level of \$1.9 million:
  - Continued volume growth
  - Continued expense control and improvements in warehouse operations

## Summary Remarks

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- Continued confidence about Hawaii growth prospects as the containerized demand portion of the construction cycle begins to materialize
- Guam economic activity steady
- Unique, expedited CLX service running at full capacity with strong demand
- Logistics and SSAT businesses improving
- Strong balance sheet and cash flow generation positions Company well to fund fleet renewal program, pursue attractive investment opportunities and return capital to shareholders



## Addendum



Long Beach Container Terminal

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Third Quarter 2014 Earnings Conference Call | November 6, 2014 – Slide 19

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## Addendum – Use of 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, Depreciation and Amortization ("EBITDA"), Return on Invested Capital ("ROIC"), Free Cash Flow per Share, and Net Debt/EBITDA.

The Company calculates EBITDA as the sum of net income, less income or loss from discontinued operations, plus income tax expense, interest expense and depreciation and 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, this calculation of EBITDA is not identical to EBITDA used by our lenders to determine financial covenant compliance.

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Third Quarter 2014 Earnings Conference Call | November 6, 2014 – Slide 20

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## GAAP to Non-GAAP Reconciliation (Net Debt and EBITDA)

### As of September 30, 2014 (in \$ millions)

Total Debt	\$377.5
Subtract: Cash and cash equivalents	(230.9)
<b>Net Debt</b>	<b>\$146.6</b>

(in \$ millions)	Third Quarter			LTM
	2014	2013	Change	
Net Income	21.5	17.2	4.3	50.3
Add: Income tax expense	19.1	6.4	12.7	41.7
Add: Interest expense	4.4	3.6	0.8	16.5
Add: Depreciation & amortization	17.2	16.9	0.3	69.4
<b>EBITDA</b>	<b>\$62.2</b>	<b>\$44.1</b>	<b>\$18.1</b>	<b>\$177.9</b>