2020 ANNUAL REPORT

CEO LETTER

There was no shortage of uncertainty from the COVID-19 pandemic in 2020. The pandemic shined a light on the fragilities of how we live our day-to-day lives. At Matson, we quickly adapted to a new reality to protect our employees, maintain operations, and meet the needs of the communities that rely on our services, all while pivoting into new and significant opportunities to drive long-term growth. I could not be prouder of the employees throughout Matson that rose to the challenges across all of our ocean tradelanes and in Logistics.

The year 2020 was far from "normal," and we expect 2021 to also be challenging. Regardless of the pandemic and associated macroeconomic environment dynamics, we remain focused on what we have done for 138 years—*move freight better than anyone*.

This unusual year led to exceptional financial performance, as we met the increased demand for goods throughout the Pacific. We earned net income of $193.1 million and generated $429.8 million in cash flow from operations, which we used to finalize vessel and shoreside investments, pay down debt, and increase our dividend.

As stewards of your capital, we remain focused on the most important long-term financial metric to measure our performance, return on invested capital (ROIC). Since our company became public in 2012, our focus on ROIC has produced a nearly 3.2x increase in the book value per share, a compounded annual growth rate of 14.7%.[1]

Matsonia pulls into Honolulu Harbor in early January 2021.

I have noted in previous CEO letters that our ROIC the past few years has been negatively impacted by the increase in debt that funded over $1 billion in multiyear vessel and infrastructure investments. These sizable investments position us extraordinarily well for the coming decade and generated financial and operational benefits across all of our service offerings in 2020. We also reduced our debt balance by nearly $200 million, a function of robust cash flow coupled with a sound capital allocation plan. As a result, our ROIC in 2020 increased from 5.9% to 12.3%. Heading into 2021, we will maintain our financial discipline and expect to continue to lower our outstanding debt.

Since our company became public in 2012, our focus on ROIC has produced a nearly 3.2x increase in the book value per share, a compounded annual growth rate of 14.7%.[1]

1. Book value per share defined as shareholders' equity divided by shares outstanding, and is based on 2020 shareholders' equity excluding the cumulative net positive adjustment of $154.0 million related to the Tax Cuts and Jobs Act in 2017. Including the adjustment, the compounded annual growth rate would be 17.1%.

Matt Cox, Chairman and CEO of Matson (third from the left), and Matson VP Government and Community Relations Ku'uhaku Park (first on the right) tour the Hawaii Foodbank facility in Honolulu, November 2020.

OUR PANDEMIC RESPONSE AND THE MATSON OHANA

At the outset of the pandemic, we focused first on employee health and second on maintaining operational continuity to meet our customers' expanded needs. Our contingency plans were implemented, but the unfolding and unsettling pace of the virus' spread required additional real-time decisions. We moved swiftly to a remote workplace where possible and we instituted COVID-19 health and safety protocols in line with Centers for Disease Control and Prevention and other local government protocols. Our workforce, and in particular those on the front lines—on our vessels and in our facilities—were rapidly equipped with personal protective equipment and other tools to ensure a safe workplace. We remain ever vigilant today and stand ready to safely bring employees back to their workplaces as vaccines become more readily available.

We took other steps to ensure our financial health. In March 2020, we moved quickly to improve liquidity by amending our debt agreements. As a result, we were able to finalize key vessel and infrastructure investments while also providing a buffer for any potential long-term contraction. In April, we began to implement nearly 100 action items in line with expected lower ocean tradelane volumes and business activity in Logistics. In early May, we announced salary reductions of 10% to 30% for the approximately top 100 paid employees, and the Board of Directors matched my 30% reduction with their own.

Throughout the year, we increased employee communication providing critical operational and HR-related developments and guidance. Despite working remotely, we managed the pace and frequency of our digital meetings, we shared our challenges, and we overcame obstacles.

We also continued efforts to increase workforce diversity and inclusion as well as our support for social equity causes. In 2020, our community support program, Matson Giving, made total contributions of more than $3.5 million to over 680 organizations. You can read more about our Environment, Social and Governance initiatives in our new sustainability report posted in the "About Matson" section of our website at www.matson.com.

Our *ohana* (family) is a special one, developed through many generations, encompassing diverse backgrounds and individual stories, all sharing a common purpose to serve our customers and support the communities in which we work and live. I am inspired by the embracing nature of our team and the meaningful contributions each member continues to make in meeting our objectives. We entered 2020 as a unified workforce. We enter 2021 as a unified workforce with an unbreakable bond.

KEY PROJECTS COMPLETED

Our approximately $930 million[2] Hawaii fleet renewal project came to a conclusion in the fourth quarter of 2020 with the delivery of *Matsonia*, the second Kanaloa Class vessel. *Lurline*, the first Kanaloa Class vessel, went into service at the beginning of 2020, providing us the long-awaited opportunity to step down to a 9-ship deployment and reduce operating costs by one fleet unit, or approximately $15 million per annum excluding fuel.

The approximately $60 million first phase of redevelopment at the Sand Island terminal, our Pacific hub, also concluded in the fourth quarter of 2020. This project included the installation of three new gantry cranes to efficiently serve the four new Hawaii vessels, the upgrade and retrofit of three existing

2. Total cost including capitalized interest and owner's items is $1,024 million.

gantry cranes, the demolition of obsolete cranes and the modification of the electrical infrastructure needed to support the additional equipment. We expect to begin the second phase of the terminal redevelopment in the second half of 2021 and to complete it within two years. The final phase is expected to begin in 2024, after which we will have transformed our terminal at Honolulu Harbor into a modern, world-class facility able to meet the needs of our Hawaii and Pacific communities for decades to come.

And lastly, our scrubber program continues to progress well with a sixth vessel placed back into service. This program, which we commenced in the first half of 2019, allows us to not only meet but exceed International Maritime Organization's (IMO) more stringent 2020 standards for engine emissions. Each scrubber installation in the program is approximately $10 million, an investment we make based on a strong financial case and our commitment to reducing our impact on the environment. While fuel price spreads between low-sulfur fuel oil and high-sulfur fuel oil narrowed during the initial months of the pandemic (reducing our initial returns on investment), we are confident that over time all of our scrubber investments will prove to be highly accretive.

In my 2019 CEO letter, I noted that we expected to realize $40 million within two years in annual financial benefits from the new vessel and infrastructure investments listed above.[3] I am pleased to report that we achieved in excess of $30 million of our target in 2020, with the greatest contributor being the redeployment of the Aloha Class vessels to our CLX service, and we expect to achieve at least the balance ($10 million) in additional annual benefits in 2021.

Matson's terminal operations in Dutch Harbor, Alaska, the hub of its new Alaska-to-Asia Express (AAX) service.

Our model is perfectly suited for this emerging e-economy. Our company was founded on core tenets—the delivery of vital goods, reliably, on-time and with exceptional customer service.

FROM FACTORY FLOOR TO HOUSEHOLD DOOR—WHY OUR MODEL WORKS IN THE NEW E-ECONOMY

Since the start of the pandemic in the U.S., there has been a seismic shift in e-commerce activity and we expect the key drivers behind the shift to remain in place for years to come. E-commerce offers compelling value drivers for both retailers and customers; for retailers, a reduced commercial footprint and speed to market of goods; for customers, online savings and delivery convenience. Factory floor to household door has radically shaped how manufacturers deliver their goods and how we shop.

Our model is perfectly suited for this emerging e-economy. Our company was founded on core tenets—the delivery of vital goods, reliably, on-time and with exceptional customer service. We have been the lifeline in Hawaii and other Pacific island communities for over 100 years. More recently we extended our footprint, first to China in 2005 and then to Alaska in 2015. We invested in new vessels to speed the movement of goods. We invested in shoreside assets to speed the offloading of cargo into our customers' hands. We invested in logistics warehousing solutions to meet the growing demand for third-party distribution. And we have invested in our people to create a workforce that understands the supply chain throughout the Pacific.

These are the pillars of our future success as much as they are the pillars of our past.

3. In the 2019 CEO letter, we indicated that we expect $30 million in incremental financial benefits in 2020 compared to 2019 and expect $40 million in annual financial benefits in 2021 when compared to 2019. These benefits excluded the net effects of any changes in business activity in the tradelanes.

An aerial view of Matson's Long Beach, California port operations.

WHY OUR CLX+ SERVICE WORKS

There are many reasons we are confident that our new CLX+ service will be permanent. First, Matson has a 15-year track record of operating what is the most attractive expedited ocean service from China to Long Beach, offering unparalleled destination services that our customers value. These destination offerings are:

- **SSAT joint venture:** Our CLX vessels berth at our dedicated, SSAT-operated terminal in Long Beach resulting in immediate port access and cargo operations, and the CLX+ vessels berth at SSAT's Pier A. Both the CLX and CLX+ enjoy the benefits of efficient cargo operations from the best terminal operator on the West Coast.

- **Ownership and control of our chassis:** This is an important differentiator for us during times of equipment shortages like we have experienced over the past year. Most of our competitors use shared chassis pools. Instead, we provide chassis to truckers directly, providing them the critical equipment they need to speed goods to customers.

- **Off-dock facility:** Shippers Transport Express is a unique, off-dock, bonded facility that is difficult to replicate. The facility alleviates port and terminal congestion, provides customer cargo availability within 24 hours of arrival at berth, and reduces truck turn times to industry-leading levels at 25 minutes or less.

Truckers love us because we save them time and money—a dedicated terminal for pick-up, chassis availability and exceptionally fast turn times. In short, the combination at Long Beach of SSAT and Shippers Transport Express is a significant competitive advantage for our China service.

Second, the introduction of the Alaska-to-Asia Express (AAX) service is a westbound backhaul from Dutch Harbor, Alaska, to China, poised to deliver seafood throughout Asia. The AAX service not only helps lower the break-even economics on the CLX+ but also drives additional customer engagement on a new offering.

Third, the demand and supply dynamics in the transpacific tradelane have been inexorably changed by the pandemic. Out of the chaos of spring 2020, which saw tremendous disruption in supply chains and historical demand patterns, emerged an opportunity. On the supply side, constraints in the transpacific air and ocean markets are expected to remain for some time. With the dramatic decrease in air travel came dislocation due to the loss of passenger plane belly capacity. And in the past year, most transpacific ocean carriers have fully deployed capacity into the transpacific tradelane—their ability to add more tonnage is now limited due to a short order book for new containerships.

With record-breaking monthly import volumes from China, the second half of 2020 saw significant equipment demand and port congestion on the U.S. West Coast (and this continues today and will likely lessen in the coming months) which further differentiates our service offerings as noted on the previous page and solidifies our value proposition to our customers. And while the increased activity we witnessed in 2020 is likely to subside as vaccines are deployed, we believe many of the supply and demand factors we see today will remain in place and be a secular tailwind in the transpacific tradelane moving forward.

CAPITAL ALLOCATION—AN ERA OF SIGNIFICANT FREE CASH FLOW

Our first priority for the use of cash is to fund and maintain our fleet, shoreside assets, and logistics operations. In 2021, we expect capital expenditures to increase significantly as we invest in growth opportunities and drive operational efficiencies, including approximately (1) $55 million on equipment for our growing China and AAX services, which is in addition to the approximately $37 million investment in equipment in 2020 for these tradelanes, (2) $20 million for the latest of our scrubber installations, and (3) $25 million on a

Having concluded the Hawaii vessel investment cycle, we expect significant cash flow generation in the coming years, which provides flexibility and opportunity in how we grow the business to create shareholder value.

new, fuel-efficient, flat-deck, inter-island barge for our Hawaii operations. Beyond 2021, we expect annual maintenance capital expenditures of $60 to $70 million to support our additional fleet capacity and expanded network operations.

Having concluded the Hawaii vessel investment cycle, we expect significant cash flow generation in the coming years, which provides flexibility and opportunity in how we grow the business to create shareholder value. We won't need to tackle our Alaska re-fleeting until late in this decade, which we expect to be approximately half the cost of the four-vessel Hawaii re-fleeting. In the interim we will continue to allocate free cash flow to the highest risk-adjusted returns.

Our uses of cash after funding our ordinary dividend and maintenance capital are: invest in organic growth opportunities, reduce debt, return capital to shareholders, and acquire complementary businesses. Below is a recap of our activities on these four fronts in 2020:

- **Organic growth:** We initiated three major organic growth drivers in 2020: a new service from China-to-Long Beach (CLX+) in May that was a material driver in the incremental profit from 2019 levels; a late June repositioning of *Daniel K. Inouye* from the Hawaii service to the CLX service to better align capacity with demand—when full, this Aloha Class vessel can provide up to 500 additional containers of capacity versus our older CLX vessels; and the August introduction of the AAX backhaul service on the CLX+, which we expect to drive new export business to Asia and be a modest contributor to profitability going forward. Our organic growth in 2020 was supported by a relatively small amount of capital in the form of containers, chassis and vessel charters, and was a significant driver of ROIC improvement during the year. We will continue to source organic growth opportunities as these tend to be relatively low-risk, high-return opportunities.

- **Reduce debt:** As forecast, we hit our debt leverage peak in the "mid-3s" in the first quarter of 2020. Given the historic financial performance throughout the year and the attendant cash flow, we reduced our debt balance by $198.3 million. We now stand near our target level. As we have indicated before, we are committed to maintaining investment-grade credit metrics and preserving our low-cost balance sheet, which we view as a competitive advantage.

- **Return capital to shareholders:** In 2020, we issued dividends of $0.90 per share, or $39.2 million. Since the 2012 separation, we have returned nearly $340 million to shareholders (approximately 16.6% of our cumulative cash flow from operations since the 2012 spin-off[4]) in the

4. Based on cumulative cash flow from operations from July 1, 2012, through December 31, 2020, of $2,046.3 million.

form of dividends and share repurchases. We have raised the quarterly dividend annually and we plan to continue growing the dividend in line with growth in cash flow.

- **Acquire businesses:** Throughout 2020, we evaluated acquisition opportunities in both Ocean Transportation and Logistics, but we did not execute on any of them. Some of the businesses were not complementary to our existing operations after review, and others were sidelined pending valuation and timing considerations in light of the pandemic's impact to these businesses. As I outlined in my last two letters, we remain disciplined in our approach. The opportunity must: have an enduring competitive advantage, be a good cultural fit and be strategic or complementary, and generate a cash-on-cash return in excess of 10% initially and have the ability to grow organically.

For 2021, we expect to continue to reduce our outstanding debt further. In the absence of organic growth and acquisition opportunities, we will consider the return of excess cash to shareholders in the form of share repurchases and/or special dividends.

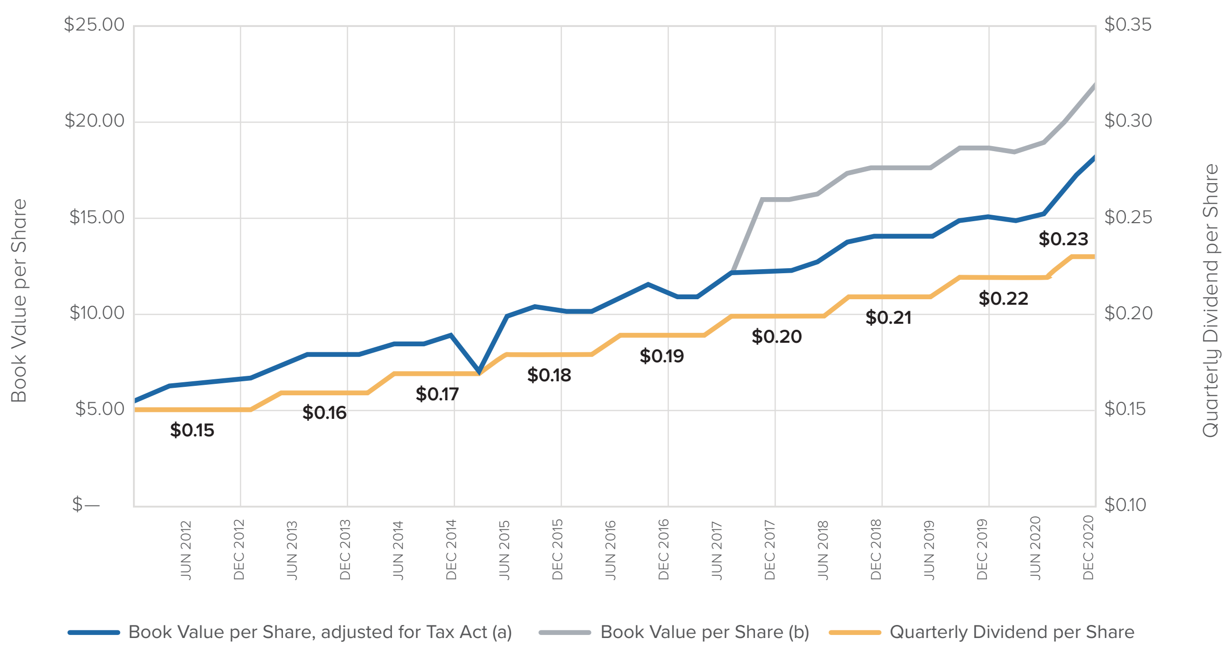
IN CLOSING

This decade did not start out the way we anticipated, but Matson did what it has always done in times of challenge and uncertainty—remain focused on superior, reliable service to its customers while taking care of its employees and supporting the communities we serve. We are humbled by the sacrifices made by so many over the past year, and we know that our continuing focus will drive exceptional growth opportunities, higher investment returns and shareholder value creation over the long term.

Sincerely,

Matt Cox
Chairman and Chief Executive Officer
February 26, 2021

ADJUSTED BOOK VALUE AND DIVIDENDS OVER TIME ($ PER SHARE)



(a) Book value per share defined as shareholders' equity divided by shares outstanding. Shareholders' equity in 4Q 2017 to 4Q 2020 excludes the cumulative net positive adjustment related to the Tax Cuts and Jobs Act in 2017.

(b) Book value per share includes the cumulative net positive adjustment related to the Tax Cuts and Jobs Act in 2017.

Matson

INVESTOR INFORMATION Corporate news releases, SEC filings, the Company's annual report and other pertinent information about the Company are available at www.matson.com.

Shareholders and institutional investors with questions about the Company may correspond with: Investor Relations, email: investor-relations@matson.com

TRANSFER AGENT & REGISTRAR | Computershare

For questions regarding stock certificates, dividends or other transfer-related matters, representatives of the Transfer Agent may be reached at: 1-800-522-6645
Computershare, P.O. Box 30170, College Station, TX 77842-3170
www.computershare.com/investor

AUDITORS | Deloitte & Touche LLP, San Francisco, CA

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 adjusted effective tax rate, Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"), Return on Invested Capital ("ROIC"), Return on Equity ("ROE") and Net Debt-to-EBITDA.

For the years ended December 31

($ in millions, except ROIC and ROE)	2020	2019	2018	2017	2016
Total debt	**760.1**	958.4	856.4	857.1	738.9
Less: total cash and cash equivalents	**(14.4)**	(21.2)	(19.6)	(19.8)	(13.9)
Less: cash on deposit in Capital Construction Fund	**-**	-	-	(0.9)	(31.2)
Net debt	**745.7**	937.2	836.8	836.4	693.8
Net income	**193.1**	82.7[1]	109.0[2]	231.0[3]	81.4
Add: income taxes	**65.9**	25.1	38.7	(105.8)	49.1
Add: interest expense	**27.4**	22.5	18.7	24.2	24.1
Add: depreciation and amortization	**137.3**	134.0	130.9	146.6	135.4
EBITDA	**423.7**	264.3	297.3	296.0	290.0
Net income (A)	**193.1**	82.7[1]	109.0[2]	231.0[3]	81.4
Add: interest expense (tax-effected)[4]	**20.4**	16.7	14.2	14.9	15.1
Total return (B)	**213.5**	99.4	123.2	245.9	96.5
Average total debt	**859.3**	907.4	856.8	798.0	584.4
Average shareholders' equity (C)	**883.5**	780.5	716.3	586.1	472.8
Total invested capital (D)	**1,742.8**	1,687.9	1,573.1	1,384.1	1,057.2
ROIC = (B)/(D)	**12.3%**	5.9%	7.8%	17.8%	9.1%
ROE = (A)/(C)	**21.9%**	10.6%	15.2%	39.4%	17.2%

Note: Total debt is presented before any reduction for deferred loan fees as required by GAAP.
1. Includes a non-cash tax benefit of $2.9 million or $0.07 per diluted share related to discrete adjustments as a result of applying the provisions of the Tax Cuts and Jobs Act.
2. Includes a non-cash tax expense of $2.9 million or $0.07 per diluted share related to discrete adjustments as a result of applying the provisions of the Tax Cuts and Jobs Act.
3. Includes the benefit of a one-time, non-cash adjustment of $154.0 million or $3.56 per diluted share related to the enactment of the Tax Cuts and Jobs Act.
4. The effective tax rates each year in the period 2016-2020 were 37.6%, (84.5%), 26.2%, 23.3% and 25.4%, respectively. The effective tax rates for 2017, 2018 and 2019, excluding adjustments related to the Tax Cuts and Jobs Act, would have been 38.5%, 24.2% and 26.0%, respectively.

FORWARD-LOOKING STATEMENTS

Statements in this Annual Report that are not historical facts are "forward-looking statements," within the meaning of the Private Securities Litigation Reform Act of 1995, including without limitation those statements regarding performance and financial results, the COVID-19 pandemic and related economic effects, vaccinations, supply and demand dynamics in the transpacific tradelane, consumption of e-commerce and other commodities, transpacific air cargo capacity, transpacific ocean cargo capacity, tourism, cash flow expectations and uses of cash and cash flows, vessel deployments and operating efficiencies, fuel strategy and scrubber program, organic growth opportunities, costs of the Alaska re-fleeting, demand and volume levels in the China service and in the Hawaii, Alaska and Guam tradelanes, economic growth and drivers in Hawaii, Alaska and Guam, Sand Island terminal upgrades, reducing debt, and capital expenditures. These statements 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 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; regional, national and international economic conditions; new or increased competition or improvements in competitors' service levels; fuel prices, our ability to collect fuel-related surcharges and/or the cost or limited availability of low-sulfur fuel; delays or cost overruns related to the installation of scrubbers; our relationship with vendors, customers and partners and changes in related agreements; the actions of our competitors; our ability to offer a differentiated service in China for which customers are willing to pay a significant premium; the imposition of tariffs or a change in international trade policies; increases in vessel charter rates or fuel costs, inability to recharter vessels, strains on moving cargo through our terminals, or limitations on the availability of adequate equipment; the magnitude and timing of the impact of public health crises, including COVID-19; any unanticipated dry-dock or repair expenses; any delays or cost overruns related to the modernization of terminals; consummating and integrating acquisitions; changes in general economic and/or industry-specific conditions; competition and growth rates within the logistics industry; freight levels and increasing costs and availability of truck capacity or alternative means of transporting freight; changes in relationships with existing truck, rail, ocean and air carriers; changes in customer base due to possible consolidation among customers; conditions in the financial markets; changes in our credit profile and our future financial performance; our ability to obtain future debt financings; continuation of the Title XI and CCF programs; the impact of future and pending legislation, including environmental legislation; government regulations and investigations; relations with our unions; satisfactory negotiation and renewal of expired collective bargaining agreements without significant disruption to Matson's operations; war, terrorist attacks or other acts of violence; the use of our information technology and communication systems and cybersecurity attacks; and the occurrence of marine accidents, poor weather or natural disasters. These forward-looking statements are not guarantees of future performance. This Annual Report 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 report, 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.

DESIGN & PHOTOGRAPHY John McNeil Studio, CA | ADDITIONAL PHOTOGRAPHY Tim Rue, HI | Jeff Schultz, AK | PRINTED IN CALIFORNIA by Sprinkel Media