

Matson, Inc.
Form 10-Q
November 07, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2013

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-34187

Matson, Inc.

(Exact name of registrant as specified in its charter)

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(State or other jurisdiction of
incorporation or organization)

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

1411 Sand Island Parkway
Honolulu, HI
(Address of principal executive offices)

96819
(Zip Code)

(808) 848-1211

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address, and former

fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer
(Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Number of shares of common stock outstanding as of September 30, 2013: 42,838,736

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

MATSON, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Income and Comprehensive Income

(In millions, except per-share amounts) (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Operating Revenue:				
Ocean transportation	\$ 310.1	\$ 307.1	\$ 920.0	\$ 886.1
Logistics	104.9	94.3	306.3	275.6
Total operating revenue	415.0	401.4	1,226.3	1,161.7
Costs and Expenses:				
Operating costs	353.6	337.0	1,041.3	996.0
Equity in loss (income) of terminal joint venture	2.4	(0.7)	3.0	(3.1)
Selling, general and administrative	31.8	30.6	99.6	87.4
Separation costs		0.3		8.6
Operating costs and expenses	387.8	367.2	1,143.9	1,088.9
Operating Income	27.2	34.2	82.4	72.8
Interest expense	(3.6)	(4.0)	(10.9)	(7.9)
Income from Continuing Operations Before Income Taxes	23.6	30.2	71.5	64.9
Income tax expense	(6.4)	(11.2)	(25.1)	(28.6)
Income From Continuing Operations	17.2	19.0	46.4	36.3
Income (Loss) From Discontinued Operations (net of income taxes)		0.1		(6.0)
Net Income	\$ 17.2	\$ 19.1	\$ 46.4	\$ 30.3
Other Comprehensive Income, Net of Tax:				
Net Income	\$ 17.2	\$ 19.1	\$ 46.4	\$ 30.3
Defined benefit pension plans:				
Net loss and prior service cost			(0.8)	(1.1)
Less: amortization of prior service credit included in net periodic pension cost	(0.3)	(0.5)	(1.0)	(1.0)
Less: amortization of net loss included in net periodic pension cost	1.2	1.3	3.5	3.5
Foreign currency translation adjustment	0.1		(0.1)	
Other Comprehensive Income	1.0	0.8	1.6	1.4
Comprehensive Income	\$ 18.2	\$ 19.9	\$ 48.0	\$ 31.7
Basic Earnings Per Share:				
Continuing operations	\$ 0.40	\$ 0.45	\$ 1.09	\$ 0.86

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Discontinued operations						(0.14)
Net income	\$	0.40	\$	0.45	\$	1.09
					\$	0.72
Diluted Earnings Per Share:						
Continuing operations	\$	0.40	\$	0.45	\$	1.08
Discontinued operations						(0.14)
Net income	\$	0.40	\$	0.45	\$	1.08
					\$	0.71
Weighted Average Number of Shares						
Outstanding:						
Basic		42.8		42.5		42.7
Diluted		43.3		42.8		43.1
						42.2
						42.6
Cash Dividends Per Share	\$	0.16	\$	0.15	\$	0.46
					\$	0.78

See Notes to Condensed Consolidated Financial Statements.

MATSON, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(In millions) (Unaudited)

	September 30, 2013	December 31, 2012
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 81.8	\$ 19.9
Accounts and notes receivable, net	171.1	174.7
Inventories	4.3	4.3
Deferred income taxes	6.6	6.6
Prepaid expenses and other assets	48.3	28.6
Total current assets	312.1	234.1
Investment in terminal joint venture	56.6	59.6
Property, at cost	1,783.1	1,770.8
Less accumulated depreciation and amortization	(1,046.9)	(1,008.3)
Property net	736.2	762.5
Other assets	115.3	118.1
Total	\$ 1,220.2	\$ 1,174.3
LIABILITIES AND SHAREHOLDERS EQUITY		
Current Liabilities:		
Notes payable and current portion of long-term debt	\$ 12.5	\$ 16.4
Accounts payable	128.1	125.8
Payroll and vacation benefits	15.0	16.0
Uninsured claims	13.4	11.2
Accrued and other liabilities	20.3	24.0
Total current liabilities	189.3	193.4
Long-term Liabilities:		
Long-term debt	277.4	302.7
Deferred income taxes	296.9	251.9
Employee benefit plans	106.0	108.0
Uninsured claims and other liabilities	35.0	38.4
Total long-term liabilities	715.3	701.0
Commitments and Contingencies (Note 4)		
Shareholders' Equity:		
Capital stock	32.1	31.9
Additional paid in capital	260.1	252.7
Accumulated other comprehensive loss	(43.9)	(45.5)
Retained earnings	67.3	40.8
Total shareholders' equity	315.6	279.9
Total	\$ 1,220.2	\$ 1,174.3

See Notes to Condensed Consolidated Financial Statements.

MATSON, INC. AND SUBSIDIARIES

Condensed Consolidated Statement of Shareholders Equity

(In millions) (Unaudited)

	Common Stock Shares	Stated Value	Additional Capital	Accumulated Other Comprehensive Income	Retained Earnings	Total
Balance December 31, 2012	42.6	\$ 31.9	\$ 252.7	\$ (45.5)	\$ 40.8	\$ 279.9
Net Income					46.4	46.4
Other comprehensive income				1.6		1.6
Excess tax benefit and share withholding			1.7			1.7
Share-based compensation			4.3			4.3
Shares issued	0.2	0.2	1.4			1.6
Dividends					(19.9)	(19.9)
Balance September 30, 2013	42.8	\$ 32.1	\$ 260.1	\$ (43.9)	\$ 67.3	\$ 315.6