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# Hawaiian Electric Industries, Inc. (HE)

Q3 2025 Earnings Call

# CORPORATE PARTICIPANTS

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### Scott W.H. Seu

President, Chief Executive Officer & Director, Hawaiian Electric Industries, Inc.

### Scott T. DeGhetto

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Senior Vice President-Customer, Legal and Regulatory Affairs, Hawaiian Electric Company, Inc.

### OTHER PARTICIPANTS

### **Jamieson Ward**

Analyst, Jefferies LLC

### Michael Brown

Analyst, Barclays Corporate & Investment Bank

# MANAGEMENT DISCUSSION SECTION

**Operator**: Hello, and thank you for standing by. My name is Tiffany and I'll be your conference operator today. At this time, I would like to welcome everyone to the HEI Third Quarter 2025 Earnings Conference Call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer session. [Operator Instructions]

I would now like to turn the call over to Mateo Garcia, Director of Investor Relations. Sir, please go ahead.

### Mateo Garcia

Director-Investor Relations, Hawaiian Electric Industries, Inc.

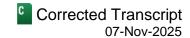
Welcome, everyone to HEI's third quarter 2025 earnings call. Joining me today are Scott Seu, HEI President and CEO; Scott DeGhetto, HEI Executive Vice President and CFO; Shelee Kimura, Hawaiian Electric President and CEO and other members of senior management. Our earnings release and our presentation for this call are available in the Investor Relations section of our website.

As a reminder, forward-looking statements will be made on today's call. Factors that could cause actual results to differ materially from expectations can be found in our presentation, our SEC filings and in the Investor Relations section of our website. Today's presentation also includes references to non-GAAP financial measures, including those referred to as core items. You should refer to the information contained in the slides accompanying today's presentation for definitional information and reconciliations of historical non-GAAP measures to the closest GAAP financial measure.

We will take questions from institutional investors at the end of this call. Individual investors and others can reach out to investor relations.



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Now, Scott Seu will begin with his remarks.

### Scott W.H. Seu

President, Chief Executive Officer & Director, Hawaiian Electric Industries, Inc.

Aloha kākou. Welcome, everyone. For today's call, I'll start with an update on our continued progress on initiatives to improve our company's financial strength and resilience. I'll also touch on the ongoing implementation of our Wildfire Safety Strategy and update you on the tort litigation settlement. Scott DeGhetto will walk through our financial results and then we'll open it up for questions.

In the third quarter, we continue to take actions to ensure that we're best positioned to serve the communities in which we operate for the long-term. We had a successful quarter progressing the initiatives we've talked about for much of the last two years, implementing wildfire safety improvements, advancing the Maui wildfire tort litigation toward final court approval, and laying the groundwork for a successful second multi-year rate period under our performance-based regulation or PBR framework.

We also improved our liquidity and financial flexibility through a successful debt issuance in the upsize and extension of our revolving credit facilities, which Scott DeGhetto will discuss. In February, and as we had requested, the PUC issued an order establishing that Hawaiian Electric's target revenues should be rebased ahead of the second PBR multi-year rate period set to begin on January 1, 2027, and that a general rate case type proceeding is the most efficient means for doing so.

In August, we requested PUC approval to pursue an alternative non-rate case process to rebase rates. The innovative process would involve collaboration with the existing PBR working group parties to develop a rebasing proposal for the PUC's review and approval. And it would avoid the time, cost and resource burden typically required for a formal rate case proceeding. If successful, the process could result in rebased rates before the next multi-year rate period begins.

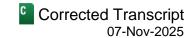
We also made this proposal in recognition of the multiple resource intensive processes that the PUC and other interested parties are and will be undertaking related to the newly enacted Act 258. These include a wildfire recovery fund study due by the end of 2025, securitization, financing and rulemaking process to determine utility liability limits for catastrophic wildfire claims.

In late September, the PUC granted our request directing us to collaborate with the PBR working group parties to develop a rebasing proposal by January 7, 2026. If this process does not result in an approved rebasing proposal, Hawaiian Electric will file a 2027 test year rate case sometime in the second half of 2026. In that scenario, the PUC will determine whether the start of the next multiyear rate period will be pushed out beyond January 2027.

Turning to slide 4, we continue to see progress toward implementation of the Maui wildfire tort litigation settlement agreement. The process to obtain final court approval is advancing with the parties working through remaining administrative steps required for the settlement to take effect. These include final approval of the class settlement agreement and a formal dismissal of the subrogation insurer claims. We expect the court to hold a hearing on January 8, 2026 to consider final approval of the class settlement agreement. And last week, we filed a summary judgment request to dismiss the subrogation insurer claims. In sum, the settlement is on track and progressing as expected, and we still anticipate that our first payment will be due no sooner than early 2026.

Turning to slide 5, we continue strengthening our utility operational risk profile, which we believe has greatly improved since the 2023 Maui wildfires. In the third quarter, we advanced implementation of the enhanced wildfire

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safety measures outlined in our Wildfire Safety Strategy. We fully deployed all weather stations and AI assisted high definition video cameras outlined in our strategy ahead of schedule.

For the first time, the utility now has its own in-house meteorologist, part of the utility's newly created watch office that will help us better predict and prepare for potential dangers from severe weather events. These are just a few examples of the many advancements we've made to help ensure the safety of our communities. We'll continue to make these kinds of critical investments as laid out in our Wildfire Safety Strategy, which is currently under review by the PUC.

As we discussed last quarter, recently enacted legislation allows for securitization to finance these investments, ensuring these safety improvements can be implemented at a lower cost to customers.

In summary, we continue making significant progress toward resolving the wildfire tort litigation, improving our operational risk profile and laying the foundation for a strong, long-term outlook.

I'll now turn the call over to Scott DeGhetto.

### Scott T. DeGhetto

Executive Vice President & Chief Financial Officer, Hawaiian Electric Industries, Inc.

Thank you, Scott. I'll start with our financial results for the quarter on slide 6. In the third quarter, we generated net income of \$30.7 million or \$0.18 per share. Quarter's results include \$4.5 million of pre-tax Maui wildfire related expenses, net of insurance recoveries and deferrals. Approximately \$3.6 million of these expenses was recorded at the utility.

Excluding these items, which we refer to as non-core, consolidated core net income was \$32.8 million for the quarter or \$0.19 per share. This compares to core income from continuing operations of \$32.7 million or \$0.29 per share in the third quarter of 2024.

Utility, core net income for the quarter was \$39.6 million, compared to \$43.7 million in the third quarter of 2024. The decrease was driven by lower tax benefits from R&D tax credits, higher legal and consulting costs, which were deferred in 2024, and higher wildfire mitigation program expenses. Holding company core net loss was \$6.8 million, compared to \$10.9 million in the third quarter of 2024. The lower core net loss was driven by lower interest expense due to the lower debt balance following the April debt retirement and higher interest income from holding company cash being held on the balance sheet primarily to make the first settlement payment.

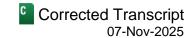
Turning to the next slide, I'll provide a few key updates on our liquidity and settlement financing plans. As of the end of the third quarter, the holding company and the utility had approximately \$40 million and \$504 million of unrestricted cash on hand, respectively. In addition, the holding company has approximately \$519 million in combined liquidity available under its ATM program and credit facility capacity. The utility also has approximately \$544 million of liquidity available under its accounts receivable facility and credit facility capacity.

In September, we completed a successful \$500 million unsecured debt offering at Hawaiian Electric, while also increasing our credit facility capacity at HEI and Hawaiian Electric by a combined \$225 million. Proceeds from the Hawaiian Electric debt issuance will be used to finance CapEx and pay down debt. Both September transactions not only enhance enterprise wide liquidity, but also show our readily available access to capital markets.

Consistent with last quarter, the Hawaiian Electric's board of directors approved a \$10 million quarterly dividend in HEI for the third quarter of 2025.



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Turning to our funding expectations for the tort litigation settlement, \$479 million continues to be held in a subsidiary created for addressing the first payment. This is included in restricted cash on the balance sheet until we make the first payment still expected, not sooner than early 2026. We expect to fund the second settlement payment with debt and or convertible debt and expect that payments thereafter will be funded with a mix of debt and equity depending on market conditions.

Turning to the next slide, CapEx is projected to increase significantly in the coming years compared to historical levels. The higher CapEx will support key strategic objectives of reducing wildfire risk, increasing reliability and resilience and repowering firm generation. We expect to fund the higher spend, primarily with retained earnings and proceeds from our recent debt issuance. As Scott Seu mentioned, we are working through the rate rebasing process with the PUC and PBR working group parties. They are also awaiting PUC approval of our utility Wildfire Safety Strategy.

In October, we filed an application to increase the total cost for the Waiau repowering project, and the application remains subject to PUC approval. The results of these regulatory proceedings will impact our capital expenditure forecast.

With those caveats, we are expecting 2025 CapEx to be approximately \$400 million. We expect 2026 CapEx of \$550 million to \$700 million. Of this total, CapEx recovered under the annual revenue adjustment mechanism, or ARA is expected to be \$350 million to \$400 million. EPRM recovery CapEx is expected to add roughly \$150 million to \$200 million. Wildfire and resilience CapEx, which we are planning to finance via securitization, is expected to be approximately \$50 million to \$100 million.

We expect 2027 and 2028 CapEx to increase further, driven by the Waiau repowering, the Wildfire Safety Strategy and the Army privatization project. Roughly \$1.8 billion to \$2.4 billion in total CapEx is expected over the next three years for 2026 to 2028. This level of spend is subject to additional PUC approvals and further resource adequacy initiatives and analysis.

With that, let's open up the call to questions.

# QUESTION AND ANSWER SECTION

**Operator**: [Operator Instructions] We kindly ask that you limit your questions to one and one follow-up for today's call. We will pause for just a moment to compile the Q&A roster. Your first question comes from the line of Julien Dumoulin-Smith with Jefferies. Please go ahead.

Jamieson Ward Analyst, Jefferies LLC	Q
Hi, guys. It's James Ward on actually for Julien. How are you?	
Scott W.H. Seu President, Chief Executive Officer & Director, Hawaiian Electric Industries, Inc.	A
Good. Hi, James.	
Jamieson Ward Analyst, Jefferies LLC	Q
Hi. How should we think about the revenue repairment and timing under the alternative and the state of the st	ernative rebasing filing, the [ph]

Hi. How should we think about the revenue repairment and timing under the alternative rebasing filing, the [ph] Gen 7 (00:28:46) filing? What are the key elements that you're looking to align with the PBR Phase 6 modifications and so on [ph] for that (00:28:53) revenue requirement and timing?

Scott W.H. Seu
President, Chief Executive Officer & Director, Hawaiian Electric Industries, Inc.

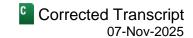
Well, let me address the timing first and then I'll perhaps ask either Scott or one of our utility team to comment on some of our goals for the rebasing process. So, as I mentioned, we are now – we requested the PUC approval to enter into this alternative rebasing process. So the discussions with the PBR parties are underway. The proposal for rebasing is due to the PUC on January the 7th of 2026. And should that be successful, then we would go from there. If the proposal is not successful, then at that point, later on in the year, we would consider filing for a 2027 test year rate case. So that's just a high level in terms of what the timing is. And maybe I can defer to perhaps Joe Viola, who is our Senior Vice President at Hawaiian Electric Company, Head of overseeing regulatory affairs.

# Joseph P. Viola Senior Vice President-Customer, Legal and Regulatory Affairs, Hawaiian Electric Company, Inc.

Hi, James. Again, yeah, Joe Viola here. In terms of what we're [ph] recruiting for (00:15:33), for the rebasing process, really, the way I think about that is we're setting a new starting point for the second multiyear rate plan. So, we want to put ourselves in a position that we have new target revenues that would allow us with efficient performance to begin to earn our authorized ROE. At the same time, we'll be developing potential changes to the next multiyear rate plan, we call that MRP 2 scheduled currently to begin in 2027. So, working on setting a new starting point and then at the same time have changes to the PBR framework that can make it successful during MRP 2.

# Jamieson Ward Analyst, Jefferies LLC

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Got you. Got you. Thank you for that both of you. Very much appreciated. Given that utility dividends have resumed, albeit in a small amount, but what's the sustainable cadence of utility to holdco dividends through the settlement years? And what are the gating criteria?

### Scott T. DeGhetto

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Executive Vice President & Chief Financial Officer, Hawaiian Electric Industries, Inc.

So – it's Scott DeGhetto. So, what we have been doing, and I think you're aware of this is, the utility dividend to the holding company, at least over the past year or two, has been set based on what the needs are up at the holding company. I don't see that changing for the foreseeable future.

### **Jamieson Ward**

Analyst, Jefferies LLC

Got you. Okay. Just checking. That's very helpful. And the last one from me. Really appreciate the CapEx guidance, which you obviously mentioned was a goal for you guys on the Q2 call. So, well done and thank you for that. As we look forward, how do you think about earnings guidance and ultimately, of course, EPS, which we'll have to include the financing element there? Could we see EPS guidance in the Q4 call or is that not something we should put expectations on? And thank you all. I'll hop back in the queue.

### Scott T. DeGhetto

А

Executive Vice President & Chief Financial Officer, Hawaiian Electric Industries, Inc.

Yes. So too soon to say, again, we really have been looking at reinstituting earnings guidance, but we really don't want to do that until we get through the final settlement approval process and put that behind us. And so there is a possibility that it could be at that particular point, but I wouldn't count on it. It just all depends on when the final settlement will be approved. And then we'll take a look at how the business is performing on a steady state basis and get back – keep in mind, going into the rate rebasing process, right, it's going to be hard for us to give guidance. We might be able to do it for a few quarters. But again, going into that process, we won't know the outcome of that process. And so, what we don't want to do is give you guys guidance and have to go back on that guidance or change it dramatically.

### Jamieson Ward

Analyst, Jefferies LLC

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Got it. That totally makes sense. Thank you for clarifying.

### Scott T. DeGhetto

Executive Vice President & Chief Financial Officer, Hawaiian Electric Industries, Inc.

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Thanks.

**Operator**: Your next question comes from the line of Nicholas Campanella with Barclays. Please go ahead.

### Michael Brown

Analyst, Barclays Corporate & Investment Bank

Q

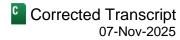
This is Michael Brown on for Nicholas Campanella. Can you provide an update on the sale of the remaining portion of the bank?

### Scott W.H. Seu

President, Chief Executive Officer & Director, Hawaiian Electric Industries, Inc.

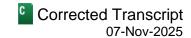
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You're talking about the remaining – our 9.9% ownership of American Savings?	
Michael Brown Analyst, Barclays Corporate & Investment Bank	Q
Yes.	
Scott T. DeGhetto  Executive Vice President & Chief Financial Officer, Hawaiian Electric Industries, Inc.	А
Yeah. So we're always looking at what's going on in the market. And as we've said on previous calls intend to monetize that stake. And we haven't really given a timeframe on it. I would say certainly – leven say certainly, but probably in the next six months or so, we'd probably look again pretty hard at what it looks like. But we're not committing to a specific timeline at this point.	l shouldn't
Michael Brown Analyst, Barclays Corporate & Investment Bank	Q
Next question from me. What are the expectations of the commission's report on the wildfire funds a the new legislative window?	re going into
Scott W.H. Seu President, Chief Executive Officer & Director, Hawaiian Electric Industries, Inc.	А
Yeah. So the Public Utilities Commission, they have been working on the study that is due to be sub- Hawaii State Legislature 20 days before the next legislative session starts. So that is on track. They working on information gathering, collecting stakeholder input. And those – they are – as far as we keen on track to submit that report.	have been
Michael Brown  Analyst, Barclays Corporate & Investment Bank	Q
With the report, do you anticipate movement in 2026 on any key legislations?	
Scott W.H. Seu	Δ
President, Chief Executive Officer & Director, Hawaiian Electric Industries, Inc.  I don't want to get ahead of the PUC. I'm not quite sure what will be in that report and whether they were commend that legislation is needed next year. So, too soon to say.	will
Michael Brown  Analyst, Barclays Corporate & Investment Bank	Q
Okay. Thank you. I appreciate it. That's the end of my questions.	
Scott W.H. Seu President, Chief Executive Officer & Director, Hawaiian Electric Industries, Inc.	А
Great. Thanks, Michael.	
Scott T. DeGhetto  Executive Vice President & Chief Financial Officer, Hawaiian Electric Industries, Inc.	A
Thanks.	

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**Operator**: That concludes our question-and-answer session. I will now turn the call back over to Scott Seu for closing remarks.

### Scott W.H. Seu

President, Chief Executive Officer & Director, Hawaiian Electric Industries, Inc.

I just want to thank all of our shareholders and a lot of our shareholders are our neighbors here in Hawaii. So again, thank you. Mahalo for your continued investment in HEI. We're also very thankful to those of you who supported our successful debt issuance in September. Again, we just really greatly appreciate your support as we continue to help our communities move forward to a sustainable future. So thank you. Mahalo, everybody.

Operator: Ladies and gentlemen, this concludes today's call. Thank you all for joining. You may now disconnect.

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