Hawaiian Electric Industries, Inc.

Williams Capital West Coast Utilities Conference
March 20-21, 2019

HEI
Catalyst for a better Hawai'i



Forward looking statements

Cautionary statements and risk factors that may affect future results
This presentation includes forward-looking statements within the meaning of the federal securities laws. Actual results could differ materially from such forward-looking statements. The factors that could cause actual results to differ are discussed in the Appendix that follows this presentation and in HEI's SEC filings.

Non-GAAP financial information
This presentation refers to certain financial measures that were not prepared in accordance with U.S. generally accepted accounting principles (GAAP). For reconciliations of such non-GAAP financial measures to the most directly comparable GAAP financial measures, see the Appendix that follows this presentation.

Core results referred to in this presentation are non-GAAP financial measures. Core results exclude the impact of the federal tax reform act due to the adjustment of deferred tax asset balances and a one-time employee bonus paid by the bank related to federal tax reform.

HAWAIIAN ELECTRIC INDUSTRIES

A catalyst for a better Hawaii

HEI

Catalyst for a better Hawai'i

HEI today

Supplying energy, investing in a sustainable future, and providing financial services

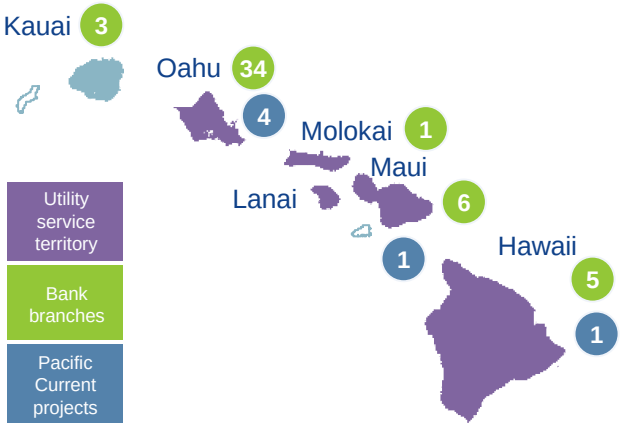
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Catalyst for a better Hawai'i

Hawaiian Electric

AMERICAN Savings Bank

PACIFIC CURRENT



$4.4B
Market capitalization[1]

3.1%
Dividend yield[1]

11%
5-year total return (CAGR%) for period ending 12/31/18

64% (Utility)

36% (Bank)
Subsidiary contributions to net income[2]

3,898
Full time employees[3]

(Including 2,704 utility employees and 1,148 bank employees)

Hawaii-focused
Serving the full state

Data above as of 12/31/2018 unless otherwise indicated.
1 Market capitalization and dividend yield are based on the closing price of $40.59 on 3/18/19.
2 Based on full year 2018 earnings to common shareholders and excludes other companies' net loss.
3 Full time employees as of 12/31/2018.

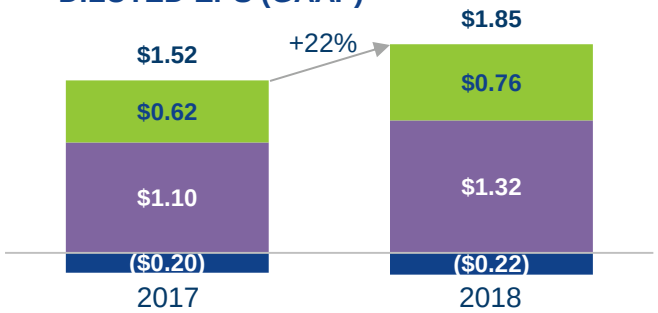
Sustained financial performance

22% increase in reported net income and EPS; 12% increase in core net income and EPS

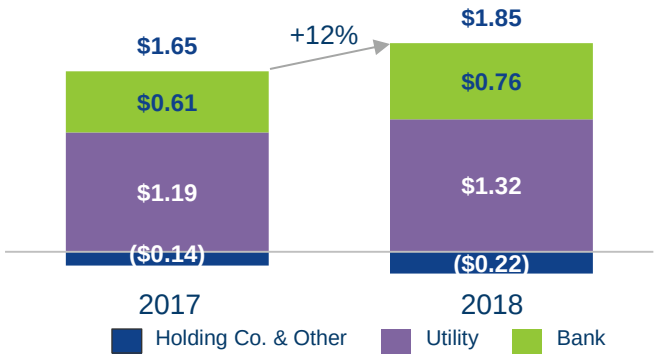
Continued bank ROE expansion

Efficient conversion of net income growth to EPS growth

DILUTED EPS (GAAP)

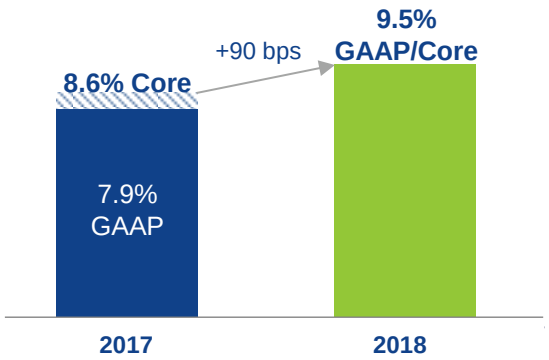


DILUTED EPS (CORE)



CONSOLIDATED HEI ROE

Twelve Months Ended December 31



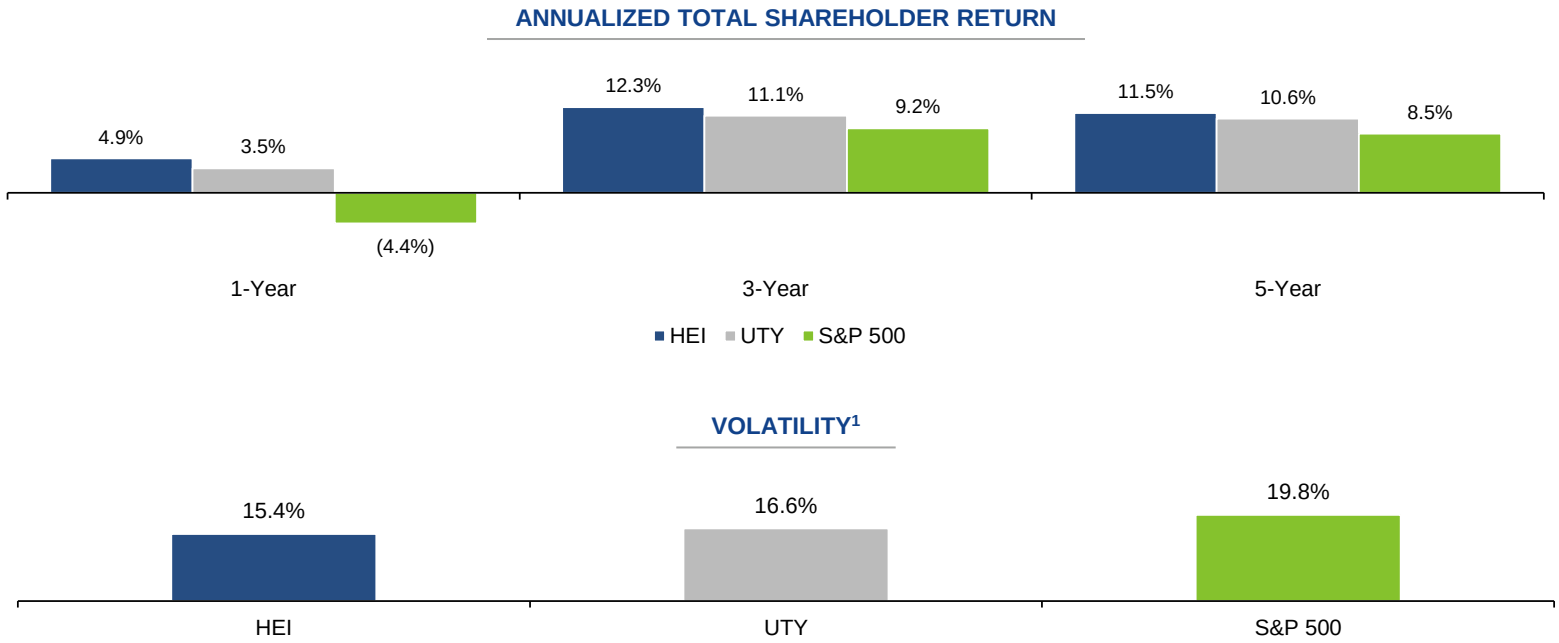
Utility	GAAP 6.6% Core 7.1%	7.6%
Bank[1]	11.2%	13.5%

Note: Columns may not foot due to rounding.

See the reconciliation of GAAP to Non-GAAP (Core) measures in appendix to this presentation.

1 Bank ROEs calculated using net income divided by the average daily balance of common equity.

HEI's proven strategy has outperformed the S&P 500 and utility indices, with lower volatility



Note: Bloomberg as of 12/31/18; Assumes dividends are reinvested and returns are compounded.
1. Daily volatility over a 2-year period according to Bloomberg's Historical Volatility Graph.

HEI – Catalyst for a better Hawaii

- HEI's place-based strategy provides the resources to invest in strategic growth and Hawaii's sustainable future, while delivering shareholder value
- Efficient capital generation and optimized capital structure
- Leading Hawaii toward a 100% clean energy, carbon neutral future with Hawaiian Electric
- Efficient operations, solid growth & low-cost capital from American Savings Bank in attractive Hawaii banking market
- Pacific Current broadens investment opportunities in sustainable, Hawaii-based infrastructure
- Community and mission driven; Dedicated to creating a better Hawaii

HAWAIIAN ELECTRIC

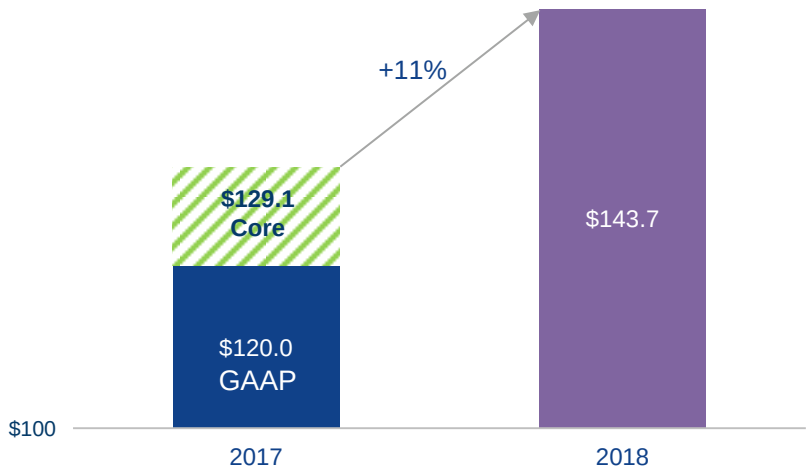
Advancing Hawaii's clean energy transition

HEI

Catalyst for a better Hawai'i

2018 utility financial highlights

UTILITY NET INCOME
($ IN MILLIONS)



KEY UTILITY EARNINGS DRIVERS, AFTER-TAX FAV/(UNFAV)

	2018 vs 2017 GAAP
Rate relief for Hawaiian Electric, Hawaii Electric Light and Maui Electric	31
RAM and MPIR revenues	26
Lower 2017 net income due to one-time tax reform def. tax asset impact	9
HT pole attachment fees and interest	5
Operation & maintenance, excluding net income neutral items[1]	(37)
Depreciation	(8)
Interest expense	(3)
Tax adjustments, net	2

Note: Columns may not foot due to rounding.
1 Includes ~$18 million from pension reset, ~$4 million in one-time costs (including LNG and smart grid write-offs and Sand Island substation costs), and ~$16 million in other higher operation and maintenance expenditures.

2018 utility achievements

Delivering on transformation priorities

HAWAIIAN ELECTRIC

Cost-effective, clean energy portfolio	• **27%** of energy sales from renewable sources; **#1** in the nation for rooftop solar adoption • Led **state's largest and lowest cost renewables procurement**; contracting for 275 MW of solar and more than 1 GWh of storage
Customer experience & innovative energy solutions	• **17%** improvement in customer satisfaction since 2014 • Online tool makes it **easier for customers to interconnect rooftop solar**; reduced average approval time to less than 3 weeks • Launched Commission-approved **community based renewable energy** program, developed **Project Footprint** to engage customers in carbon-reducing actions, and laid **foundation for more electric vehicles** in Hawaii with Electrification of Transportation (EoT) Roadmap
Modern grid & technology platform	• Advanced **resilience, reliability and ability to integrate more renewables** with completion of Schofield Generating Station and filing for approval of Phase 1 of grid modernization and two utility-scale battery projects • Pole ownership agreement with Hawaiian Telcom improves asset management efficiency and enables new technology and revenue opportunities
Stakeholder engagement	• Focused on providing **customer value** and building **smart, sustainable, resilient communities** • **Broad stakeholder input** and support for EoT Roadmap (filed with Commission) and Power Supply Improvement Plan and Grid Modernization Strategy (filed and accepted by Commission)
Regulatory transformation	• **Collaborative engagement** with stakeholders on performance-based regulation (PBR) docket • First year of operational performance incentive mechanisms (PIMs); Commission established shared savings PIM for renewable RFPs
Strengthen safety and culture	• Strengthened **cultural cohesion** across three-utility, five-island system with **One Company** organizational changes
Maintain financial strength	• Triennial rate case cycle and implementation of major projects interim recovery for Schofield contributed to **improved return on equity** • Advanced **efforts to improve O&M efficiency** with successful go-live of enterprise system, which enables One Company and other efficiency initiatives

Hawaiian Electric Companies: Near-term initiatives

✓ **Strengthening ROE through timely rate case execution, recovery mechanisms**	• HELCO 2019 TY rate case: Filed Dec. 2018 ➔ Interim rates Nov. 2019 • HECO 2020 TY rate case: Target to file July 2019 ➔ Interim rates June 2020 • MECO 2021 TY rate case: Target to file July 2020 ➔ Interim rates June 2021
✓ **Improving efficiency**	• New enterprise system ($244M in benefits over 12 years) • Practice and procurement standardization across all utilities • Facilities consolidation • Staffing level management and benefit program evaluation
✓ **Engaging with stakeholders to align regulatory framework with policy goals**	• Performance-based ratemaking docket
✓ **Investing in grid to allow for procurement of more renewables and storage**	• Contracting for 275 MW solar and more than 1 GWh of storage • RFP for additional ~60 MW renewables to be issued in 2019
✓ **Investing in electrification of transportation (EoT)**	• Leading efforts to facilitate rapid expansion of EoT in Hawaii • >1/2 of personal vehicles in Hawaii forecast to be electric by 2045
✓ **Promoting smart, sustainable, resilient communities**	• Grid modernization strategy approved ➔ targeted smart meter deployment • Filed Phase 1 of grid modernization implementation plan • Convening stakeholder discussions on resilience planning

✓ **Pursuing aggressive targets**	• If projects we are contracting for are approved and built in the timeline projected, by 2022 we would expect to achieve:
	  • 45-50% of electricity sales from renewable sources
	  • ~50% lower fossil fuel use than 2008
	  • ~50% lower GHG emissions than 2010





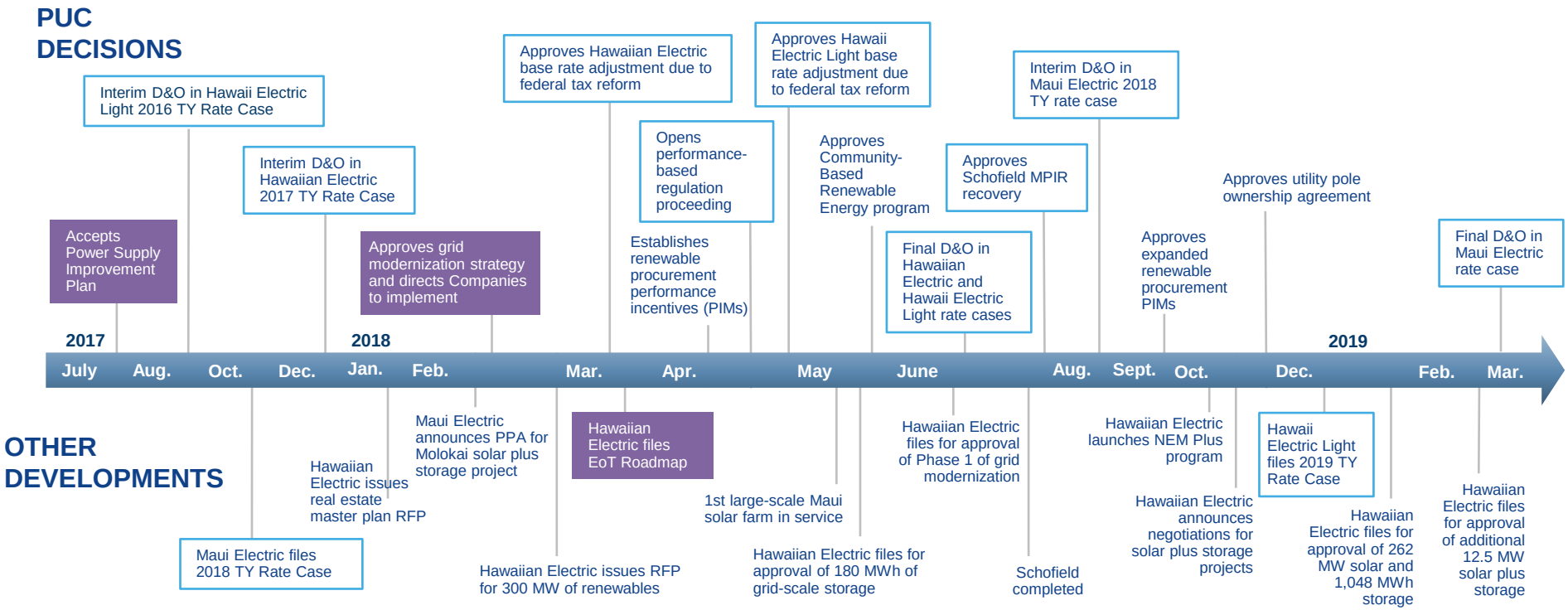








Renewable energy and grid transformations advancing quickly with key frameworks in place



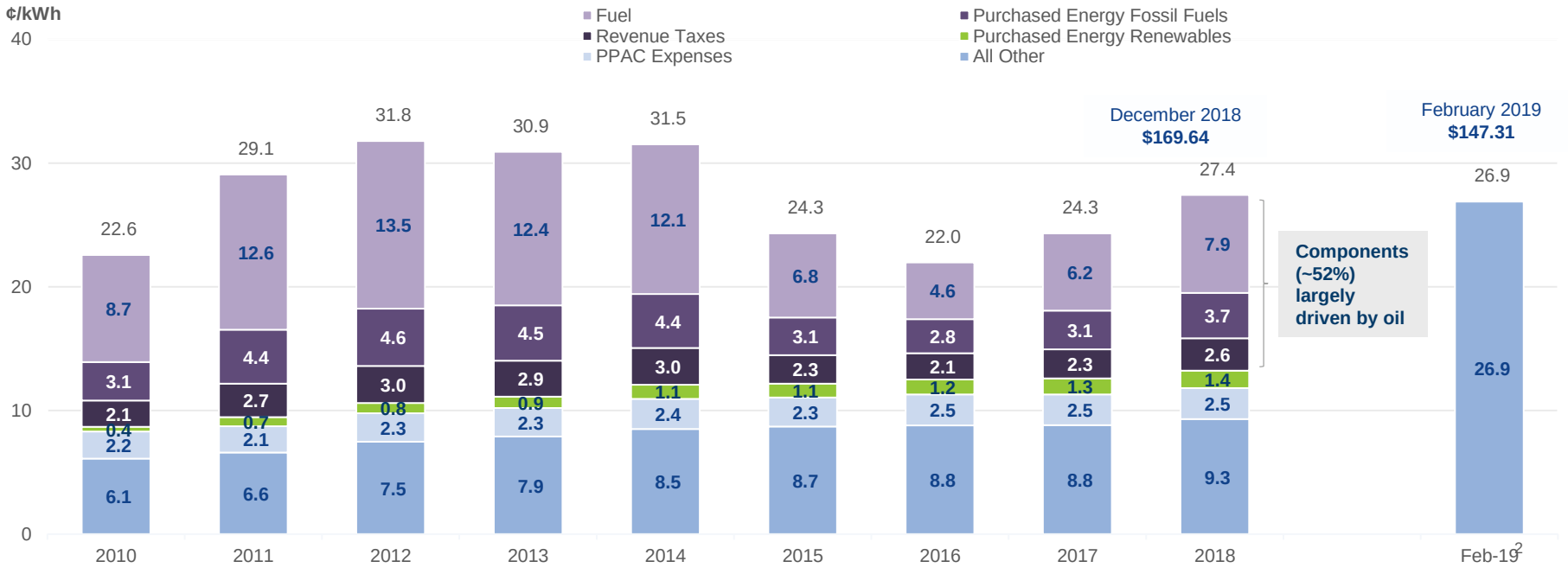
Rate cases/related proceedings

Key strategic frameworks

Oil is the primary driver of rates in Hawaii

BREAKDOWN OF HAWAIIAN ELECTRIC RATES[1]

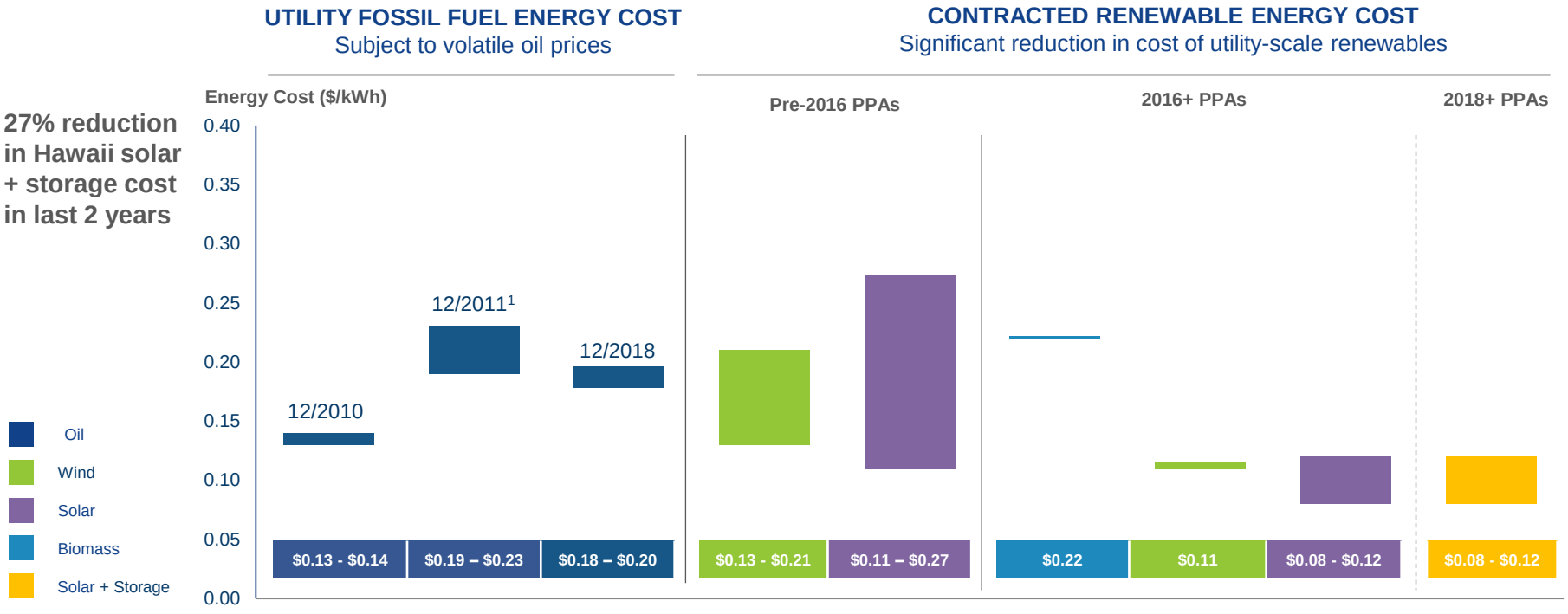
(typical residential bill)



1 Hawaiian Electric Oahu average revenue per kWh sold.
2 Based on the February 2019 energy cost recovery factor for residential customers only.

Renewable energy is increasingly cost competitive in Hawaii

27% reduction in Hawaii solar + storage cost in last 2 years



1 Note: Refer to "Performance Incentive Mechanisms" slide in appendix for detail on potential PIM rewards associated with renewable and storage PPAs.
2 The 2011 fuel oil increase was largely driven by the nuclear disaster of the Fukushima power plant in March 2011, which increased the price of oil in Hawaii as our fuel oil purchases are largely driven by the Asia Pacific market.

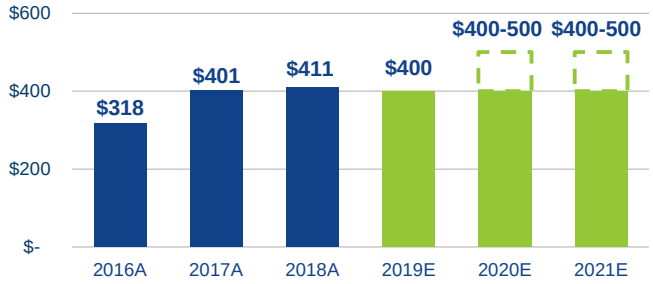
Clean and reliable energy drives capital investment

Compound annual rate base growth of ~5-7% through 2021 as we invest in renewables, reliability and resilience

Utility capable of self-funding its forecasted capex through 2021

CAPITAL EXPENDITURES FORECAST

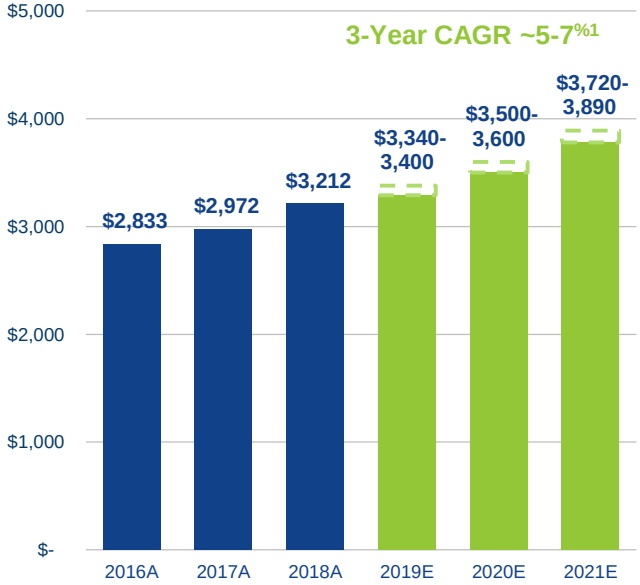
($ in millions)



Major Capex Projects	Forecast 2019	Forecast 2020	Forecast 2021
West Loch PV [2]	7	-	-
CIP Battery Storage [3]	|---------- 101 ----------|		-
West Loch Battery Storage [3]	|---------- 43 ----------|		-
Other Major Projects [3]	15	40	149
Grid Modernization Project Phase 1[3]	$86M between 2019 and 2023		
Baseline Projects	~$285	~$285	~$285

RATE BASE FORECAST

($ in millions)



Note: Capex figures are net of CIAC.
1 Rate base is impacted primarily by plant additions but also includes other items (i.e., unamortized contributions in aid of construction, accumulated deferred income taxes, certain regulatory assets, etc.).
2 West Loch PV (previously referred to as Joint Base Pearl Harbor-Hickam PV Solar Facility) forecasted to be placed into service in Q2 2019.
3 Campbell Industrial Park (CIP) Battery Storage, West Loch Battery Storage, and Grid Modernization Phase 1, as well as other projects, are pending Commission approval.

AMERICAN SAVINGS BANK

Serving and investing in Hawaii's families, businesses and communities

HEI

Catalyst for a better Hawai'i

American Savings Bank: Strong fundamentals and performance

- One of Hawaii's largest financial institutions – full-service community bank with $7 billion in assets and 49 branches across the state
- Strong and consistent profitability with growth opportunities in attractive Hawaii banking market
- Track record of maintaining low risk profile, strong balance sheet and low-cost funding base
- Strengthening efficiency for both bank and customers with creation of new Honolulu campus

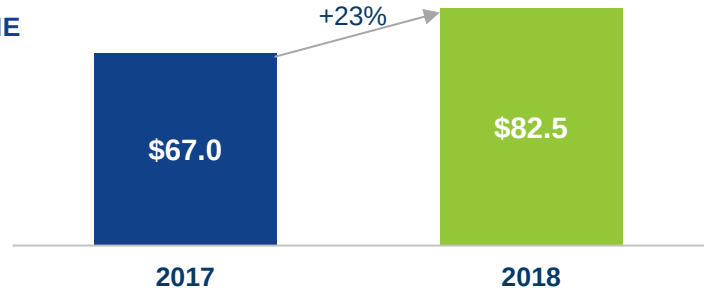
Maximizing shareholder value in the Hawaii market

- ✓ Focus on market segments that are faster growing or where we are under penetrated
- ✓ Execute efficiently to get the most out of our growth
- ✓ Deliver strong, consistent return on equity
- ✓ Return the capital on which we can't earn the targeted returns

Record high bank net income in 2018

Driven by higher net interest income and net positive impact of tax reform

BANK NET INCOME
($ IN MILLIONS)



Key bank earnings drivers, after-tax fav/(unfav)	2018 vs 2017
Net interest income	14
Provision for loan losses	(3)
Noninterest income	(4)
Noninterest expense	(1)

SUMMARY OF ASB CAPITAL ADEQUACY RATIOS
(DECEMBER 31, 2018)

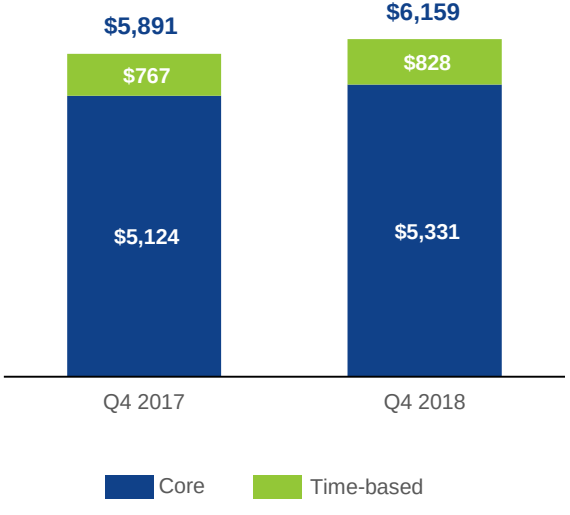
	Common equity tier 1	Tier 1 capital	Total capital	Tier 1 leverage
As of 12/31/18	12.80%	12.80%	13.93%	8.70%
“Well capitalized”	6.50%	8.00%	10.00%	5.00%
Minimum requirements	4.50%	6.00%	8.00%	4.00%
Basel III 2019 minimum + buffers	7.00%	8.50%	10.50%	4.00%

Revenue growth driven primarily by net interest income

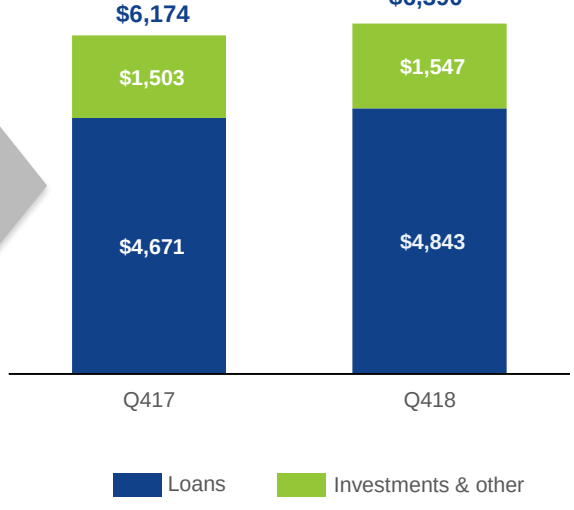
ASB has a track record of converting deposit growth to higher net interest income

($ in millions)

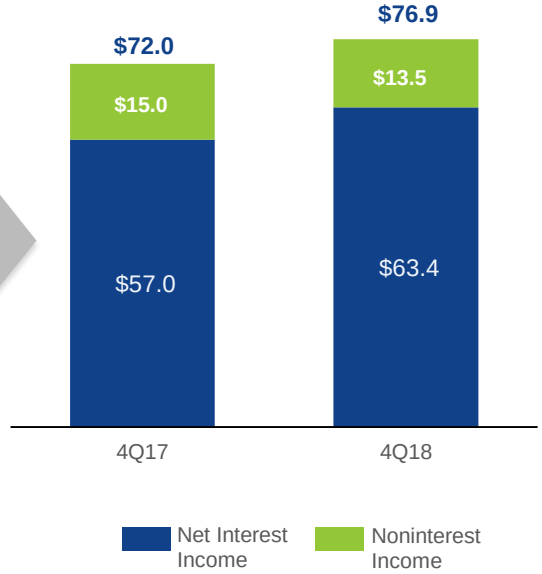
TOTAL DEPOSITS GREW 4.55%[1]



AVERAGE INTEREST-EARNING ASSETS INCREASED 3.5%



NET INTEREST INCOME INCREASED 11.2% compared to Q4 '17



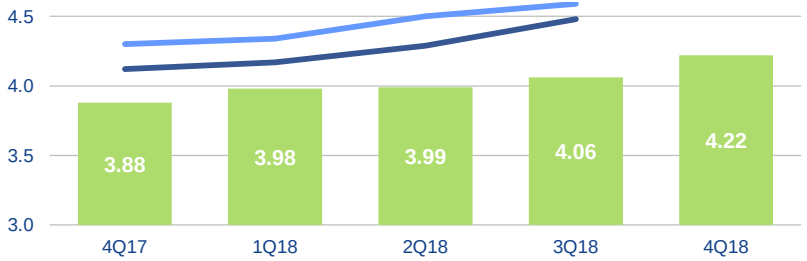
Note: Columns may not foot due to rounding.

1 Including approximately $100 million in repurchase agreements that were transferred into deposit accounts. Excluding such transfers, deposit growth was 2.8% annualized.

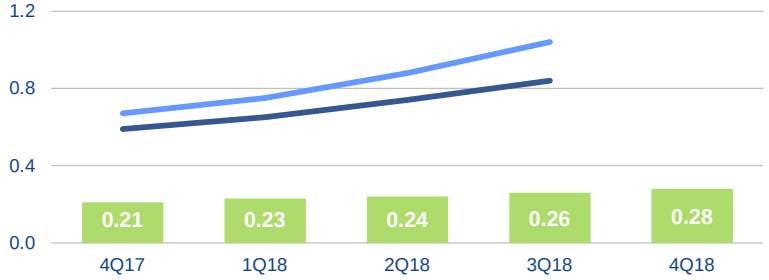
Strong net interest margin

Annual target: 3.7-3.8%

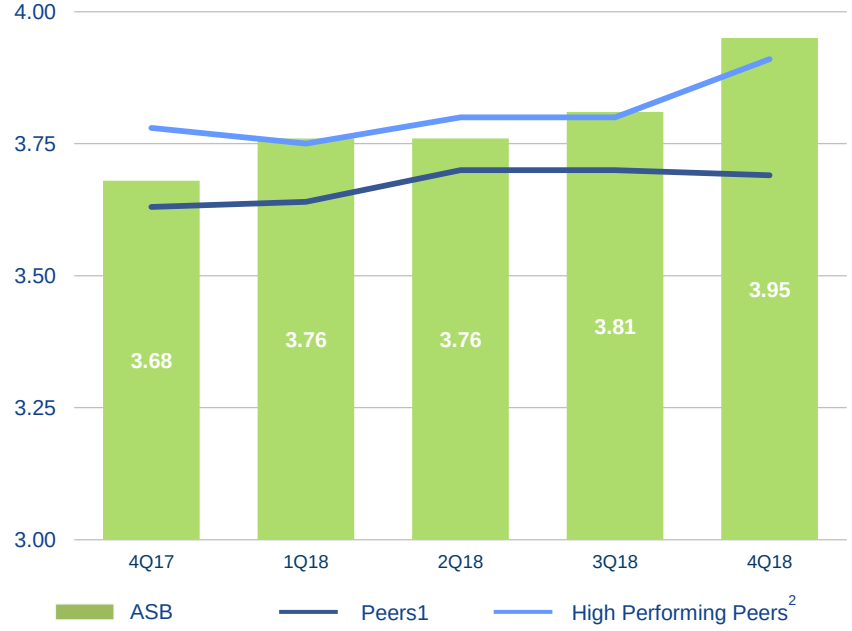
ASSET YIELD



COST OF FUNDS (%)



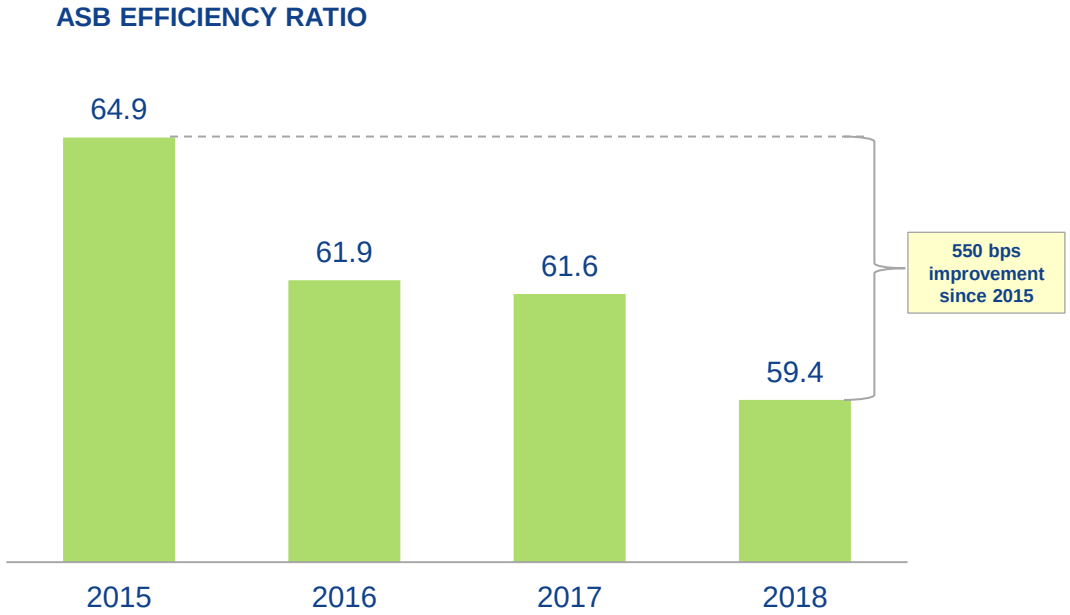
NET INTEREST MARGIN (%)



Source for peer data: SNL Financial (based on data available as of February 28, 2019).
Asset Yield: Total interest income as a percentage of average interest-earning assets.
Cost of funds: Total interest expense as a percentage of average interest-bearing and non-interest bearing liabilities.
Net Interest Margin: Net interest income as a percentage of average interest-earning assets.
1 Median for peer group based on publicly traded banks and thrifts between $4B and $9B in total assets.
2 Median for peer group of 17 high performing banks.

Track record of improving bank efficiency

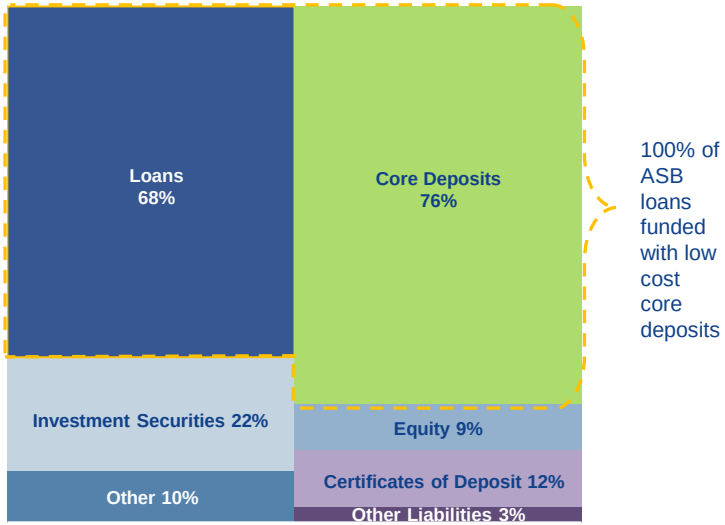
- ✓ **ASB's efficiency ratio has improved 220 bps since 2017 and 550 bps since 2015**
- ✓ **Continued improvement expected through 2019**
- ✓ **Targeting 100 basis points per year of improvement through 2021**



Quality balance sheet and strong capital efficiency

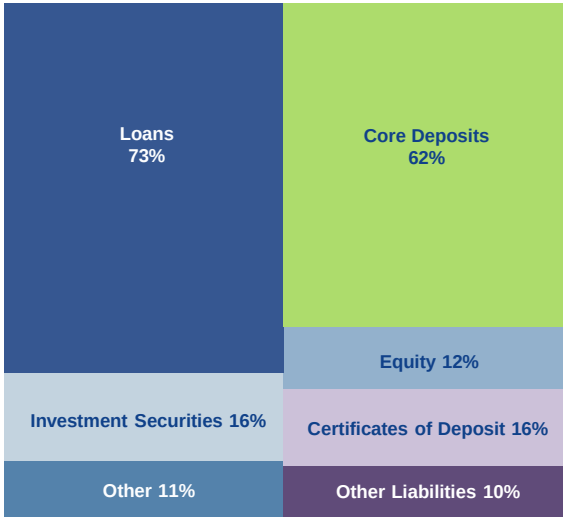
ASB[1]

Average yield on earning assets	4.22%
Average cost of funds	0.28%
Return on average equity[3]	14.08%



PEER BANKS[2]

Median of average yield on earning assets	4.48%
Median of average cost of funds	0.84%
Return on average equity	11.00%



Source for peer data: SNL Financial (based on data available as of February 28, 2019).
1 Yields for quarter ending 12/31/2018.
2 Yields for quarter ending 09/30/2018. Peer group based on publicly traded banks and thrifts between $4B and $9B in total assets.
3 Bank return on average equity calculated using weighted average daily common equity.

PACIFIC CURRENT

Significant opportunity in Hawaii's sustainable infrastructure market

HEI

Catalyst for a better Hawai'i

New sustainable infrastructure investment platform

- Near-term focus on organizational build-out
- Strong leadership with broad, relevant experience
- Proof of strategy with first two projects proceeding well
- Initial project's earnings and cash flow helping fund Pacific Current start-up costs

Advancing Hawaii's Energy and Sustainability Goals through Competitive Investments

- Hawaii-based strategic capital
- Commercially viable & proven technology
- Ability to monetize tax credits
- Local relationships / partnerships

Sustainable Investment Strategy

- Invest in non-regulated clean energy and sustainability projects consistent with HEI's risk profile and value proposition
- Maintain investment grade business profile while investing in a portfolio of Hawaii-based infrastructure investments

2018 Pacific Current accomplishments

Building on solid foundation

- Made second acquisition: **5 solar + storage projects** across two islands

- **Management team** established to manage portfolio and expand the business, including through:
  - Furthering strategy development
  - Optimizing existing asset management
  - Developing opportunities with prospective partners to invest in Hawaii's sustainable future, including in water, transportation, agriculture and clean energy
  - Delivering on completion of construction of second investment

Financial outlook

Catalyst for a better Hawai'i

HEI financing outlook 2019
(as of February 28, 2019)

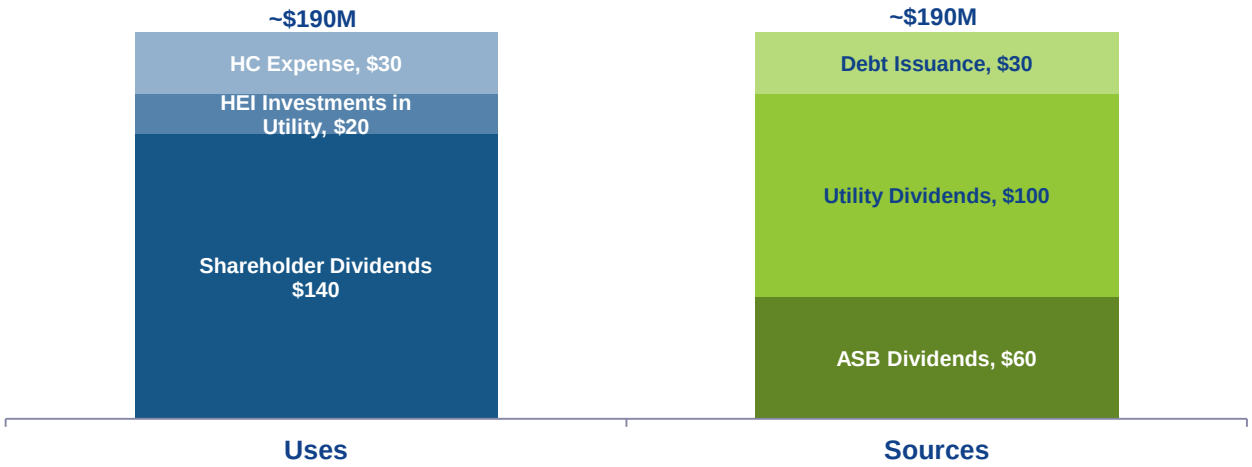
Add messaging

Intend to maintain a consolidated investment grade profile

Utility now a net distributor of cash flow to the holding company

No new equity issuances required in 2019

2019 HOLDING COMPANY SOURCES & USES OF CAPITAL
($ in millions)



HEI 2019 EPS guidance
(as of February 15, 2019)

HEI EPS: $1.85 - $2.05 PER SHARE

UTILITY EPS: $1.40 - $1.47

KEY ASSUMPTIONS:

- No change to decoupling or recovery mechanisms
- No material impact from PIM penalties and rewards
- O&M excluding pension[1]: forecasted at 1% above 2018 levels (excluding 2018 one time charges of ~$7 million, post-tax)
- Rate base growth: 4 – 6% over 2018
- 2019 capex of $400 million
- Equity capitalization at approved rate case levels

BANK EPS: $0.79 - $0.85

KEY ASSUMPTIONS:

- Low to mid-single digit earning asset growth
- NIM: ~3.85% to 3.95%
- Provision expense: $17 million to $22 million
- ROA: > 1.15%
- *Note: guidance range includes one-time net positive impact of $0.03 to $0.05 per share related to relocating to the new campus; this reflects gains from the expected sale of formerly occupied real estate, partially offset by moving costs*

No new equity issuances in 2019

Note: Holding company and other net loss estimated at $0.28 - $0.30.

1 Excludes operations and maintenance (O&M) expenses covered by surcharges or by third parties that are neutral to net income.

Reference the cautionary note regarding forward-looking statements (FLS) accompanying this presentation which provides additional information on important factors that could cause results to differ. The company undertakes no obligation to publicly update or revise FLS, including EPS guidance, whether as a result of new information, future events, or otherwise. See also the FLS and risk factors in HEI's SEC Form 10-K for the year ended December 31, 2017 and SEC Form 10-Q for the quarter ended September 30, 2018.

Appendices

Catalyst for a better Hawai'i

2018 highlights

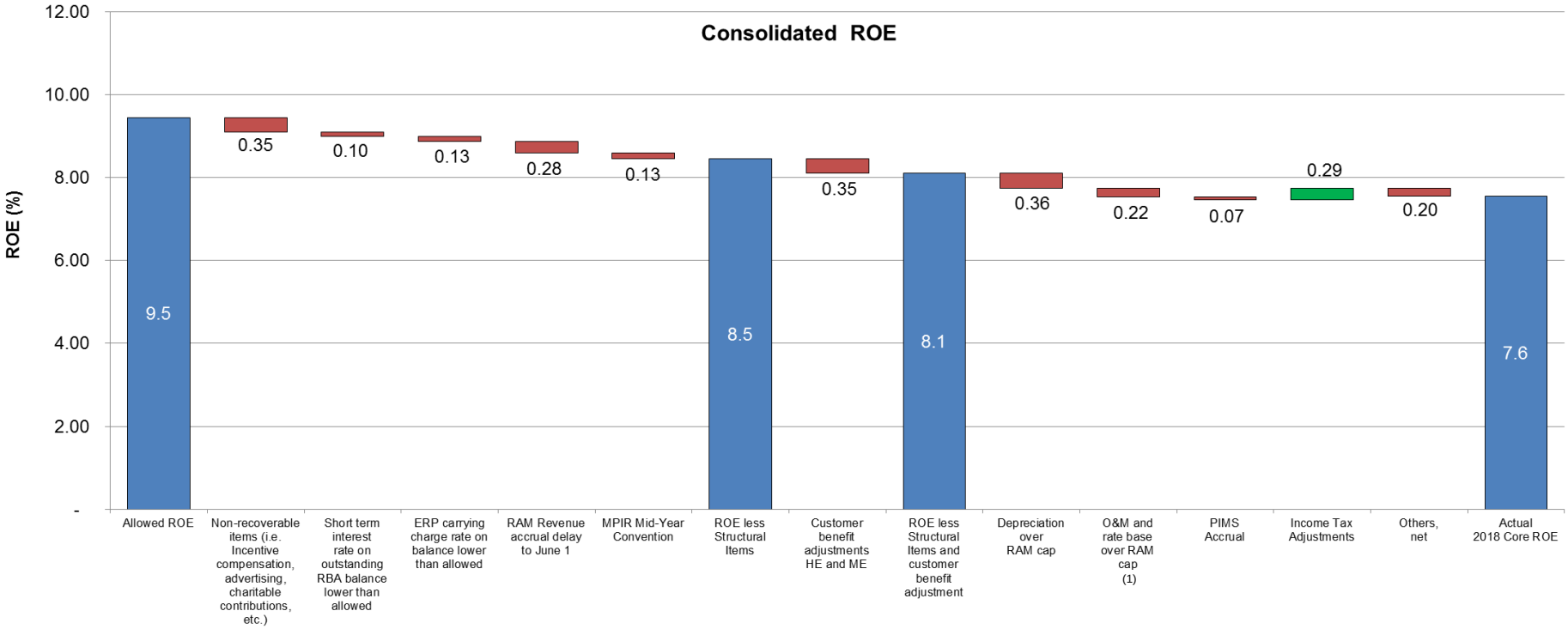
A year of performance across financial, operational, and environmental goals

WHAT WE ACCOMPLISHED

- ✓ Solid consolidated earnings growth at both utility and bank
- ✓ Consolidated GAAP ROE improvement of 160 basis points and core ROE improvement of 90 basis points over 2017, to 9.5%
- ✓ Record American Savings Bank earnings; improved Hawaiian Electric earnings despite some financial headwinds
- ✓ Hawaiian Electric delivered on key priorities of its five-year transformation plan
- ✓ American Savings Bank continued its track record of efficiency improvement and disciplined growth
- ✓ Pacific Current completed second acquisition and established leadership team

Based on our financial performance and prospects, in 2019 our board approved a 3.2% dividend increase, from 31 cents per quarter to 32 cents per quarter

2018 utility ROE drivers



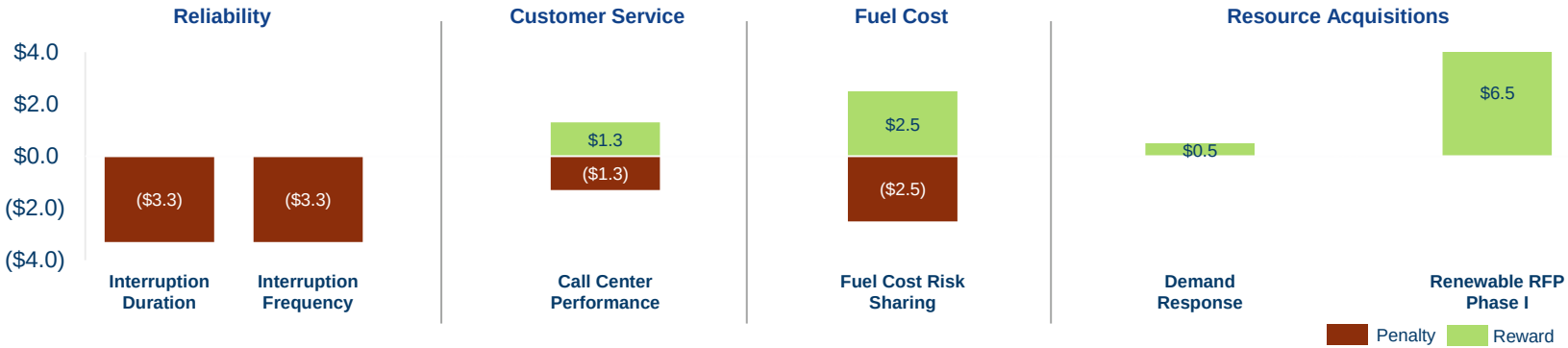
1 O&M over RAM cap is primarily due to the write off of preliminary engineering costs for LNG projects and smart grid costs.

Customer benefit adjustments in the Hawaiian Electric and Maui Electric rate cases

	Hawaiian Electric Pension Adjustment		Hawaiian Electric Plant Adds Adjustment		Maui Electric Pension Adjustment		Total		
	Rev Req	Net Income	Rev Req	Net Income	Rev Req	Net Income	Rev Req	Net Income	Bps (ROE)
2018	$5,250	$3,552	$4,375	$2,960	$188	$127	$9,813	$6,638	35
2019	$6,000	$4,059	$5,000	$3,383	$450	$304	$11,450	$7,746	39
2020	$4,764	$3,223	$2,083	$1,409	$450	$304	$7,298	$4,937	24
2021	$3,882	$2,626			$378	$256	$4,260	$2,882	13
2022	$3,882	$2,626			$327	$221	$4,209	$2,847	13
2023	$1,617	$1,094			$327	$221	$1,944	$1,315	6
2024					$136	$92	$136	$92	-
Total	**$25,395**	**$17,180**	**$11,458**	**$7,752**	**$2,256**	**$1,526**	**$39,109**	**$26,459**	

Performance Incentive Mechanisms (PIMs)

CURRENT PIMS[1] ($ in millions)



PIMS APPROVED BY PUC IN APRIL 2017 FOR ALL THREE COMPANIES

- **Reliability**
  - System Average **Interruption Duration** Index, or "SAIDI"
  - System Average **Interruption Frequency** Index, or "SAIFI"
- **Customer Service Call Center Performance** (% calls answered within 30 seconds)
- Reward/penalty amounts graduated, subject to deadband
- Reward/penalty assessed and applied annually through RBA rate adjustment
- Reward/penalty amounts re-determined upon rate case interim or final orders

OTHER PIMS[2]

- **Demand Response**
  - One-time incentive for timely acquisition of cost-effective DR from RFP respondents
  - Incentive up to 5% of aggregate annual contract value, capped at $500,000
- **PUC will consider additional PIMs in Performance Based Regulation (PBR) docket**
- **Phase I Renewable RFP**
  - Phase 1 Renewable RFP, initially established by PUC in April 2018, expanded to $6.5 million in September 2018
  - For each PPA submitted for approval prior to 12/31/18, incentive is based on 80% customer/20% utility split of savings, compared to benchmark of 11.5 cents per kWh for renewable plus storage and 9.5 cents per kWh for renewable energy only projects
  - For PPAs submitted between 1/1/19 and 3/31/19, increasing portion of savings goes to customers

1 Apply to all companies, except for fuel cost sharing, which currently applies to Oahu only.

2 In addition to the PIMs described here, PUC has established a Heat Rate incentive mechanism designed to incentivize efficient operation of units (and penalize inefficient operation of units). PUC has also established RPS penalties of up to $20/MWh or about $2M for every 1% the company is short of the RPS requirement. The PUC has the discretion to waive, in whole or in part, any applicable penalty to the company for failure to achieve these RPS targets for events or circumstances that are outside the control of the company.

Performance-based regulation (PBR) proceeding

Hawaii PUC docket no. 2018-0088 (opened 4/18/18)

- Aspects of traditional PBR already in effect
  - Decoupling, multi-year rate plan (3-year cycle) and performance incentives (e.g., reliability, customer service, demand response, renewable energy procurement)
- Commission objectives for PBR docket
  - Enhance alignment between utility and customer interests, greater cost control and reduced rate volatility, efficient investment and allocation of resources regardless of classification as capital or operating expense, fair distribution of risks, State policy goals
- Two phases of PBR docket
  - Phase 1: Examine regulatory framework, identify areas of performance for further focus/performance incentive mechanisms
  - Phase 2: PUC said that it "…intends to work collaboratively with stakeholders to: streamline and/or refine elements of the existing regulatory framework; develop incentive mechanisms… and explore regulatory frameworks that result in more incentive-neutral utility investment decisions between capital- and service-based solutions."
- Commission has stated it will follow regulatory principle of gradualism

- Maintaining financial integrity of the utility is a guiding principle

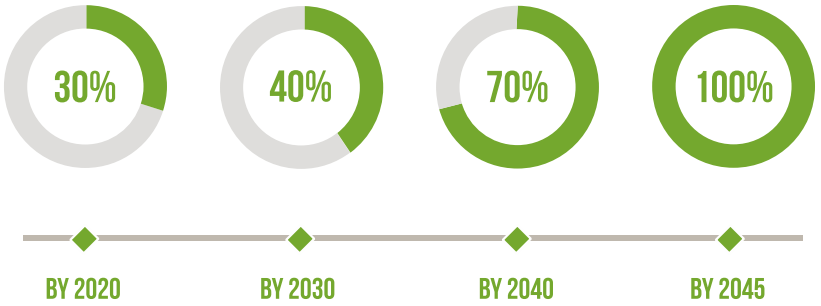
  PUC Staff Report on Phase 1:

  "….the **financial integrity of the utility is essential** to its basic obligation to provide safe and reliable electric service…. [T]he utility is a critical community partner and serves an integral role in achieving the state's energy policy goals and serves as an **essential credit-worthy off-taker** for contracts for non-utility power purchases and new evolving grid services providers. The **proposed Staff Framework will help to reduce regulatory lag and preserve the utility's opportunity to earn a fair return** on its business and investments, while maintaining attractive utility features, such as **access to low-cost capital**."

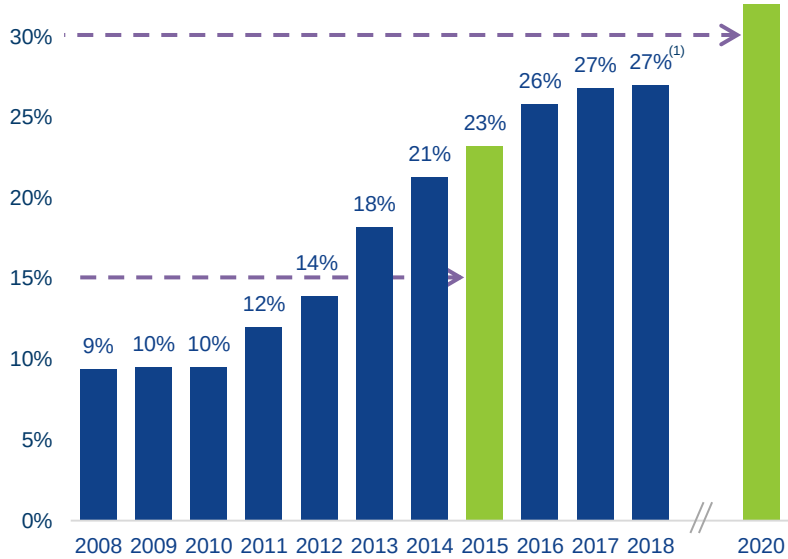
- Key dates
  - Phase 1 PUC Staff Proposal – Issued February 7, 2019
  - Statements of Position and information requests – March 2019
  - Reply Statements of Position – April 2019
  - Phase 1 Decision and Order – Subsequent to Reply Statements of Position

Strong progress toward Hawaii's renewable energy goals

HAWAII'S 100% BY 2045 RPS GOAL IS AMONG THE MOST AMBITIOUS IN THE NATION



ON COURSE TO EXCEED 2020 TARGET OF 30%



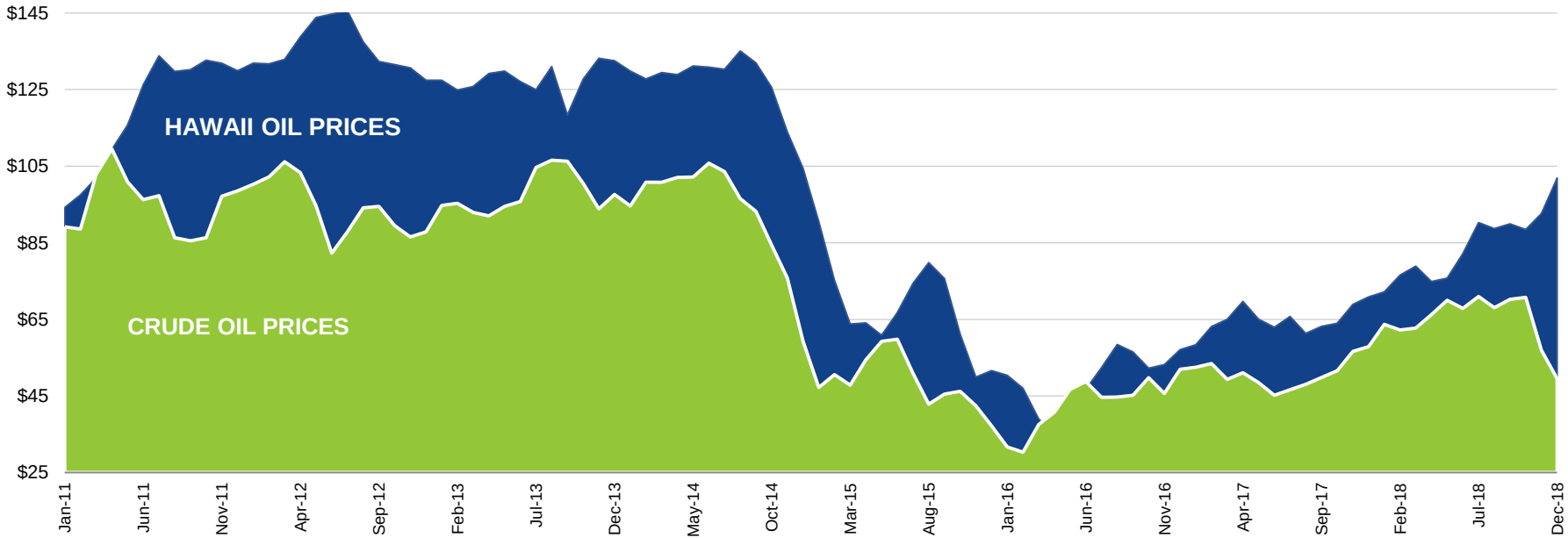
1 2018 Renewable Portfolio Standard (RPS) achievement was impacted by the outage of Hawaii Island's geothermal resource, third-party owned Puna Geothermal Venture (PGV), beginning in May 2018 as a result of the Kilauea volcanic eruption. 2018 RPS achievement would have been 29% had PGV produced at the same level as 2017.

Hawaii oil prices are volatile and exceed mainland U.S.

LOW SULFUR FUEL OIL VS. CRUDE OIL

March 2011 TO December 2018

Price per bbl



Utility regulatory mechanisms provide financial stability during renewable transition

Mechanisms & what they do:

Sales decoupling
Provides predictable revenue stream by fixing net revenues at level approved in last rate case (revenues not linked to kWh sales)

Revenue adjustment mechanism (RAM)
Annually adjusts revenue to recover general “inflation” of operations and maintenance expenses and baseline plant additions between rate cases

Major Projects Interim Recovery adjustment mechanism (MPIR)
Permits recovery through the RBA of costs (net of benefits) for major capital projects including but not restricted to projects to advance transformational efforts

Energy cost and purchased power recovery/adjustment clauses
Allow recovery of fuel and purchased power costs. Symmetrical fossil fuel cost risk sharing (98% customer/2% utility) mechanism established for Hawaiian Electric; utility upside/downside capped at $2.5 million

Pension and post-employment benefit trackers
Allow tracking of pension and post-employment benefit costs and contributions above or below the cost included in rates in a separate regulatory asset/liability account

Renewable energy infrastructure program
Permits recovery of renewable energy infrastructure projects through a surcharge

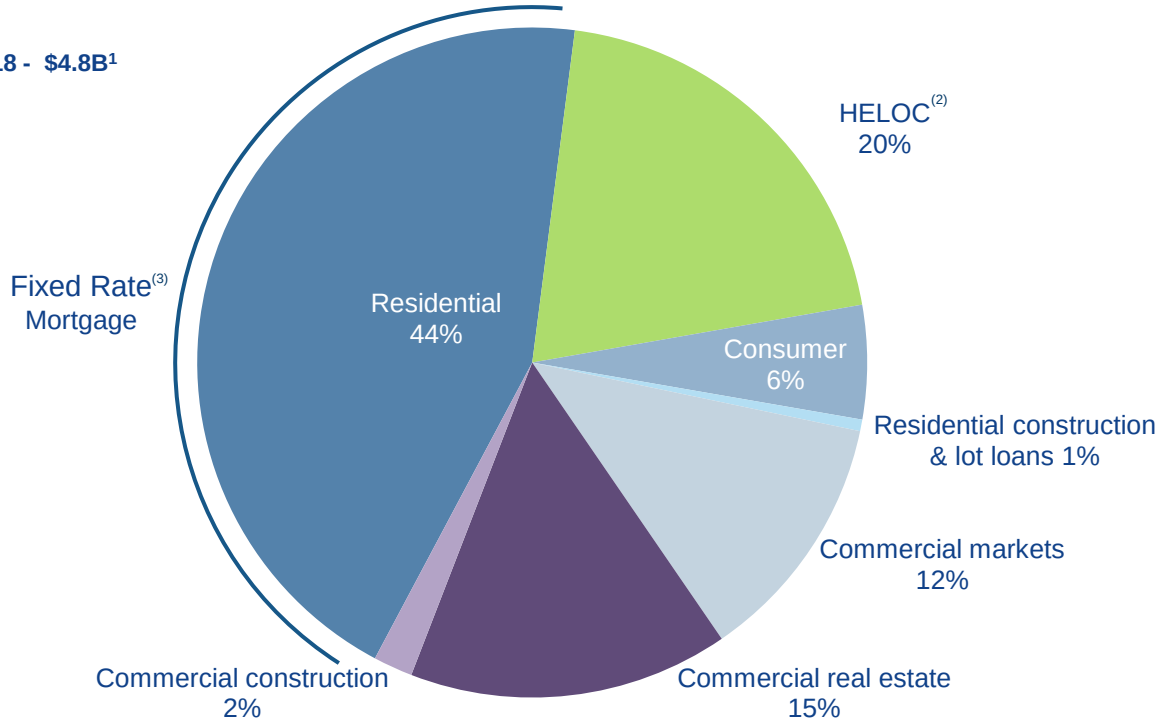
2018 ASB accomplishments

Record results, positioned for continued growth

- Achieved **record earnings**
- Disciplined approach to growth in healthy Hawaii economy helped build upon benefits of tax reform
- Strengthened efficiency ratio, achieving **59.4%** for the full year, 220 bps better than 2017 and 550 bps better than 2015
  - Focus on making banking easier for customers
  - Deploying technology to automate and improve processes
  - Streamlining physical footprint
- Completed construction of state-of-the-art **new campus**, presenting opportunities to continue driving efficiency gains

Low-risk loan mix

TOTAL LOANS AT 12/31/18 - $4.8B[1]



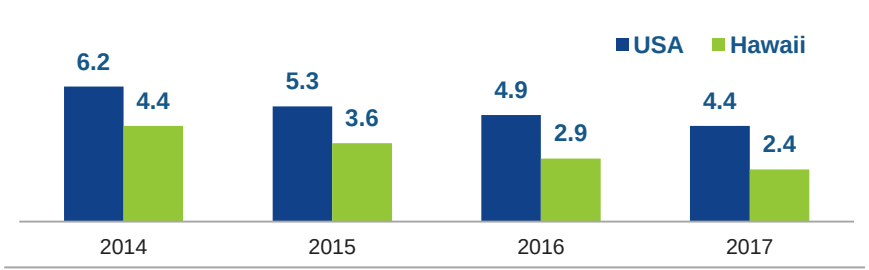
1 Before deferred fees, discounts and allowance for loan losses.
2 Borrowers have a "Fixed Rate Loan Option" to convert a part of their available line of credit into a 5, 7, or 10-year fully amortizing fixed rate loan with level principal and interest payments. As of 12/31/2018, approximately 22% or ~$219 million of the portfolio balances were amortizing loans under the Fixed Rate Loan Option.
3 ~94% of mortgages are fixed rate, with ~6% ARMs.

Hawaii economy remains healthy

While pace moderates, growth continues

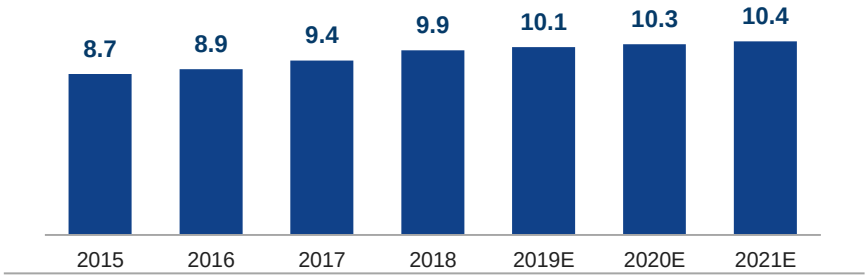
UNEMPLOYMENT RATE (%)

*As of January 2019 – Hawaii: **2.7%**; U.S.: **4.0%***



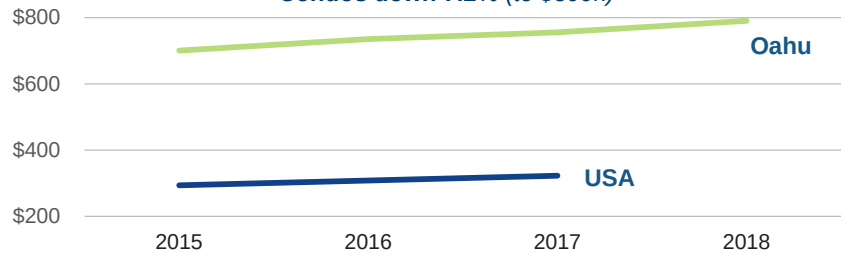
HAWAII VISITOR ARRIVALS (MILLIONS)

*January 2019 arrivals **up 3.0%***



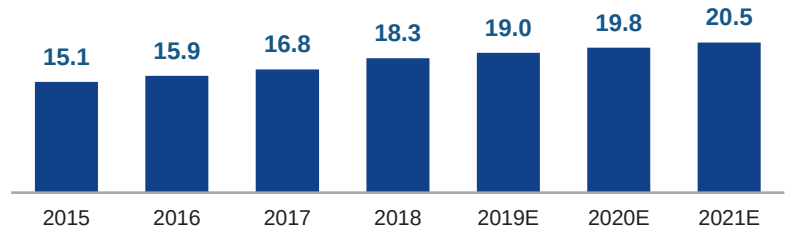
MEDIAN HOME PRICES[1] ('000s)

*January 2019 YTD Oahu **homes down 0.6%** (to $768k); **Condos down 7.2%** (to $399k)*



HAWAII VISITOR EXPENDITURES (BILLIONS)

*January 2019 expenditures **down 3.8%***



Source: U.S. Bureau of Labor Statistics, DBEDT, and United States Census Bureau.

1 Oahu median home price data is for single family homes. USA median home price data is for new homes.

Explanation of HEI's use of certain unaudited non-GAAP measures

HEI and Hawaiian Electric Company management use certain non-GAAP measures to evaluate the performance of HEI and the utility. Management believes these non-GAAP measures provide useful information and are a better indicator of the companies' core operating activities given the non-recurring nature of certain items. Core earnings and other financial measures as presented here may not be comparable to similarly titled measures used by other companies. The accompanying tables provide a reconciliation of reported GAAP[1] earnings to non-GAAP core earnings and the adjusted return on average common equity (ROACE) for HEI and the utility.

The reconciling adjustments from GAAP earnings to core earnings exclude the 2017 impact of the federal tax reform act due to the adjustment of the deferred tax balances and the $1,000 employee bonuses paid by the bank related to federal tax reform. Management does not consider these items to be representative of the company's fundamental core earnings. Management has shown adjusted non-GAAP (core) net income, adjusted non-GAAP (core) diluted earnings per common share and adjusted non-GAAP (core) ROACE in order to provide better comparability of core net income, EPS and ROACE between periods.

The accompanying table also provides the calculation of utility GAAP other operation and maintenance (O&M) expense adjusted for "O&M-related net income neutral items," which are O&M expenses covered by specific surcharges or by third parties. These "O&M-related net income neutral items" are grossed-up in revenue and expense and do not impact net income.

Reconciliation of GAAP to non-GAAP measures

RECONCILIATION OF GAAP[1] TO NON-GAAP MEASURES

Hawaiian Electric Industries, Inc. and Subsidiaries (HEI)

Unaudited

($ in millions, except per share amounts)	Three months ended December 31 2018	Three months ended December 31 2017	Years ended December 31 2018	Years ended December 31 2017
HEI CONSOLIDATED BONUSES[2]				
Pre-tax expenses	**$ —**	**$ 1.2**	**$ —**	**$ 1.2**
Current income taxes (benefits)	—	(0.5)	—	(0.5)
After-tax (income) expenses	**$ —**	**$ 0.7**	**$ —**	**$ 0.7**
HEI CONSOLIDATED NET INCOME				
GAAP (as reported)	**$ 49.6**	**$ 32.4**	**$ 201.8**	**$ 165.3**
Excluding special items (after-tax):				
Bonus related to enactment of federal tax reform[2]	—	0.7	—	0.7
Federal tax reform impacts[3]	—	13.4	—	13.4
Non-GAAP (core) net income	**$ 49.6**	**$ 46.5**	**$ 201.8**	**$ 179.5**
HEI CONSOLIDATED DILUTED EARNINGS PER COMMON SHARE				
GAAP (as reported)	**$ 0.45**	**$ 0.30**	**$ 1.85**	**$ 1.52**
Excluding special items (after-tax):				
Bonus related to enactment of federal tax reform[2]	—	0.01	—	0.01
Federal tax reform impacts[3]	—	0.12	—	0.12
Non-GAAP (core) diluted earnings per common share	**$ 0.45**	**$ 0.43**	**$ 1.85**	**$ 1.65**

	Years ended December 31 2018	Years ended December 31 2017
HEI CONSOLIDATED RETURN ON AVERAGE COMMON EQUITY (ROACE)(simple average)		
Based on GAAP	**9.5%**	**7.9%**
Based on non-GAAP (core)[4]	**9.5%**	**8.6%**

Note: Columns may not foot due to rounding

[1] Accounting principles generally accepted in the United States of America

[2] Bonus paid by American Savings Bank related to enactment of federal tax reform

[3] Reflects the lower rates enacted by federal tax reform, primarily the adjustments to reduce the unregulated net deferred tax asset balances

[4] Calculated as core net income divided by average GAAP common equity

Cautionary note regarding forward looking statements

This presentation made by Hawaiian Electric Industries, Inc. (HEI) and Hawaiian Electric Company, Inc. (Hawaiian Electric) and their subsidiaries contain "forward-looking statements," which include statements that are predictive in nature, depend upon or refer to future events or conditions and usually include words such as "will," "expects," "anticipates," "intends," "plans," "believes," "predicts," "estimates" or similar expressions. In addition, any statements concerning future financial performance, ongoing business strategies or prospects or possible future actions are also forward-looking statements. Forward-looking statements are based on current expectations and projections about future events and are subject to risks, uncertainties and the accuracy of assumptions concerning HEI and its subsidiaries (collectively, the Company), the performance of the industries in which they do business and economic, political and market factors, among other things. These forward-looking statements are not guarantees of future performance.

Risks, uncertainties and other important factors that could cause actual results to differ materially from those described in forward-looking statements and from historical results include, but are not limited to, the following:

• international, national and local economic and political conditions—including the state of the Hawaii tourism, defense and construction industries; the strength or weakness of the Hawaii and continental U.S. real estate markets (including the fair value and/or the actual performance of collateral underlying loans held by ASB, which could result in higher loan loss provisions and write-offs); decisions concerning the extent of the presence of the federal government and military in Hawaii; the implications and potential impacts of the Federal government partial shutdown, including the impact to our customers to pay their electric bills and/or bank loans and the impact on the state of Hawaii economy; the implications and potential impacts of U.S. and foreign capital and credit market conditions and federal, state and international responses to those conditions; and the potential impacts of global developments (including global economic conditions and uncertainties; unrest; conflicts or other crisis; the effects of changes that have or may occur in U.S. policy, such as with respect to immigration and trade; terrorist acts; and potential pandemics);

• the effects of future actions or inaction of the U.S. government or related agencies, including those related to the U.S. debt ceiling or budget funding, monetary policy, trade policy and tariffs, and other policy and regulation changes advanced or proposed by President Trump and his administration;

• weather, natural disasters (e.g., hurricanes, earthquakes, tsunamis, lightning strikes, lava flows and the potential effects of climate change, such as more severe storms, droughts, heat waves, and rising sea levels) and wildfires, including their impact on the Company's and Utilities' operations and the economy;

• the timing, speed and extent of changes in interest rates and the shape of the yield curve;

• the ability of the Company and the Utilities to access the credit and capital markets (e.g., to obtain commercial paper and other short-term and long-term debt financing, including lines of credit, and, in the case of HEI, to issue common stock) under volatile and challenging market conditions, and the cost of such financings, if available;

• the risks inherent in changes in the value of the Company's pension and other retirement plan assets and ASB's securities available for sale;

• changes in laws, regulations (including tax regulations), market conditions and other factors that result in changes in assumptions used to calculate retirement benefits costs and funding requirements;

• the impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) and of the rules and regulations that the Dodd-Frank Act requires to be promulgated, as amended by the Economic Growth, Regulatory Relief and Consumer Protection Act;

• increasing competition in the banking industry (e.g., increased price competition for deposits, or an outflow of deposits to alternative investments, which may have an adverse impact on ASB's cost of funds);

• the potential delay by the Public Utilities Commission of the State of Hawaii (PUC) in considering (and potential disapproval of actual or proposed) renewable energy proposals and related costs; reliance by the Utilities on outside parties such as the state, independent power producers (IPPs) and developers; and uncertainties surrounding technologies, solar power, wind power, biofuels, environmental assessments required to meet renewable portfolio standards (RPS) goals and the impacts of implementation of the renewable energy proposals on future costs of electricity;

• the ability of the Utilities to develop, implement and recover the costs of implementing the Utilities' action plans included in their updated Power Supply Improvement Plans (PSIPs), Demand Response Portfolio Plan, Distributed Generation Interconnection Plan, Grid Modernization Plans, and business model changes, which have been and are continuing to be developed and updated in response to the orders issued by the PUC, the PUC's April 2014 statement of its inclinations on the future of Hawaii's electric utilities and the vision, business strategies and regulatory policy changes required to align the Utilities' business model with customer interests and the state's public policy goals, and subsequent orders of the PUC;

- capacity and supply constraints or difficulties, especially if generating units (utility-owned or IPP-owned) fail or measures such as demand-side management, distributed generation (DG), combined heat and power or other firm capacity supply-side resources fall short of achieving their forecasted benefits or are otherwise insufficient to reduce or meet peak demand;
- fuel oil price changes, delivery of adequate fuel by suppliers and the continued availability to the electric utilities of their energy cost adjustment clauses (ECACs) and energy cost recovery clauses (ECRC);
- the continued availability to the electric utilities or modifications of other cost recovery mechanisms, including the purchased power adjustment clauses (PPACs), rate adjustment mechanisms (RAMs) and pension and postretirement benefits other than pensions (OPEB) tracking mechanisms, and the continued decoupling of revenues from sales to mitigate the effects of declining kilowatt-hour sales;
- the ability of the Utilities to achieve performance incentive goals currently in place;
- the impact from the PUC's implementation of performance-based ratemaking for the Utilities pursuant to Act 005, Session Laws 2018, including the potential addition of new performance incentive mechanisms, third party proposals adopted by the PUC in its implementation of PBR, and the implications of not achieving performance incentive goals;
- the impact of fuel price levels and volatility on customer satisfaction and political and regulatory support for the Utilities;
- the risks associated with increasing reliance on renewable energy, including the availability and cost of non-fossil fuel supplies for renewable energy generation and the operational impacts of adding intermittent sources of renewable energy to the electric grid;
- the growing risk that energy production from renewable generating resources may be curtailed and the interconnection of additional resources will be constrained as more generating resources are added to the Utilities' electric systems and as customers reduce their energy usage;
- the ability of IPPs to deliver the firm capacity anticipated in their power purchase agreements (PPAs);
- the potential that, as IPP contracts near the end of their terms, there may be less economic incentive for the IPPs to make investments in their units to ensure the availability of their units;
- the ability of the Utilities to negotiate, periodically, favorable agreements for significant resources such as fuel supply contracts and collective bargaining agreements;
- new technological developments that could affect the operations and prospects of the Utilities and ASB or their competitors such as the commercial development of energy storage and microgrids and banking through alternative channels;
- cyber security risks and the potential for cyber incidents, including potential incidents at HEI, its third-party vendors, and its subsidiaries (including at ASB branches and electric utility plants) and incidents at data processing centers used, to the extent not prevented by intrusion detection and prevention systems, anti-virus software, firewalls and other general IT controls;
- failure in addressing issues in the stabilization of the Enterprise Resource Planning/Enterprise Asset Management (ERP/EAM) (ERP/EAM) system implementation could adversely affect the Utilities' ability to timely and accurately report financial information and make payments to vendors and employees;
- failure to achieve cost savings consistent with the minimum $244 million in ERP/EAM project-related benefits (including $141 million in operation and maintenance (O&M) benefits) to be delivered to customers over its 12-year estimated useful life;
- federal, state, county and international governmental and regulatory actions, such as existing, new and changes in laws, rules and regulations applicable to HEI, the Utilities and ASB (including changes in taxation, increases in capital requirements, regulatory policy changes, environmental laws and regulations (including resulting compliance costs and risks of fines and penalties and/or liabilities), the regulation of greenhouse gas emissions, governmental fees and assessments (such as Federal Deposit Insurance Corporation assessments), and potential carbon "cap and trade" legislation that may fundamentally alter costs to produce electricity and accelerate the move to renewable generation);

- developments in laws, regulations and policies governing protections for historic, archaeological and cultural sites, and plant and animal species and habitats, as well as developments in the implementation and enforcement of such laws, regulations and policies;
- discovery of conditions that may be attributable to historical chemical releases, including any necessary investigation and remediation, and any associated enforcement, litigation or regulatory oversight;
- decisions by the PUC in rate cases and other proceedings (including the risks of delays in the timing of decisions, adverse changes in final decisions from interim decisions and the disallowance of project costs as a result of adverse regulatory audit reports or otherwise);
- decisions by the PUC and by other agencies and courts on land use, environmental and other permitting issues (such as required corrective actions, restrictions and penalties that may arise, such as with respect to environmental conditions or RPS);
- potential enforcement actions by the Office of the Comptroller of the Currency (OCC), the Federal Reserve Board (FRB), the Federal Deposit Insurance Corporation (FDIC) and/or other governmental authorities (such as consent orders, required corrective actions, restrictions and penalties that may arise, for example, with respect to compliance deficiencies under existing or new banking and consumer protection laws and regulations or with respect to capital adequacy);
- the ability of the Utilities to recover increasing costs and earn a reasonable return on capital investments not covered by RAMs;
- the risks associated with the geographic concentration of HEI's businesses and ASB's loans, ASB's concentration in a single product type (i.e., first mortgages) and ASB's significant credit relationships (i.e., concentrations of large loans and/or credit lines with certain customers);
- changes in accounting principles applicable to HEI and its subsidiaries, including the adoption of new U.S. accounting standards, the potential discontinuance of regulatory accounting, the effects of potentially required consolidation of variable interest entities (VIEs), or required capital/finance lease or on-balance-sheet operating lease accounting for PPAs with IPPs;
- downgrades by securities rating agencies in their ratings of the securities of HEI and Hawaiian Electric and their impact on results of financing efforts;
- faster than expected loan prepayments that can cause an acceleration of the amortization of premiums on loans and investments and the impairment of mortgage-servicing assets of ASB;
- changes in ASB's loan portfolio credit profile and asset quality and/or mix which may increase or decrease the required level of provision for loan losses, allowance for loan losses and charge-offs;
- changes in ASB's deposit cost or mix which may have an adverse impact on ASB's cost of funds;
- the final outcome of tax positions taken by HEI and its subsidiaries;
- the risks of suffering losses and incurring liabilities that are uninsured (e.g., damages to the Utilities' transmission and distribution system and losses from business interruption) or underinsured (e.g., losses not covered as a result of insurance deductibles or other exclusions or exceeding policy limits);
- the ability of the Company's non-regulated subsidiary, Pacific Current, LLC, to achieve its performance and growth objectives, which in turn could affect its ability to service its non-recourse debt;
- the Company's reliance on third parties and the risk of their non-performance; and
- other risks or uncertainties described elsewhere in this report (e.g., Item 1A. Risk Factors) and in other reports previously and subsequently filed by HEI and/or Hawaiian Electric with the Securities and Exchange Commission (SEC).

Forward-looking statements speak only as of the date of the presentation or filing in which they are made. Except to the extent required by the federal securities laws, HEI, Hawaiian Electric, ASB, Pacific Current and their subsidiaries undertake no obligation to publicly update or revise any forward-looking statements, whether written or oral and whether as a result of new information, future events or otherwise.

Catalyst for a better Hawai‘i

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