Hawaiian Electric Industries, Inc.

Wells Fargo Conference

December 11-12, 2019

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

Catalyst for a better Hawai'i

HEI – A catalyst for a better Hawaii

- HEI's place-based strategy provides long-term shareholder value through strategic investments in Hawaii's growing economy and a leading role in Hawaii's transformation to a resilient, sustainable future
- Efficient capital generation and optimized capital structure
- Leading Hawaii toward a 100% clean energy, carbon neutral future with Hawaiian Electric
- Stable growth with low funding costs and efficient operations from American Savings Bank in attractive Hawaii banking market
- Pacific Current broadens investment opportunities in sustainable, Hawaii-based infrastructure
- Board and management are dedicated to creating a better Hawaii

Our enterprise

Delivering consistent, predictable earnings while limiting the need to issue equity

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Catalyst for a better Hawai'i

	Hawaiian Electric [1]	AMERICAN Savings Bank	PACIFIC CURRENT
Our business	Provides electricity for 95% of Hawaii's population through 5 separate island grids	Serving our communities as Hawaii's third largest bank, with over $7 billion in assets	Invests in infrastructure to advance Hawaii's clean energy and sustainability goals
How we drive shareholder value	Provides **steady earnings growth** and ratebase investment, and net cash flow to the holding company, **limiting HEI's need for external financing**	Provides a **steady and predictable flow of dividends**, limiting HEI's equity-issuance needs, while **consistently executing on earnings targets**	Makes non-regulated investments, **targeting returns commensurate with growth and early-stage projects**

1 Hawaiian Electric Company, Inc. is a subsidiary of HEI. As a holding company, HEI does not sell products or services and therefore is not regulated by the state Public Utilities Commission.

ESG is in our DNA, and our core strategies

Strength of our companies is inextricably linked to the health of our environment, economy and communities

Embedded in Core Strategies

Hawaiian Electric	Focused on achieving state's 100% renewable energy goal in a way that is reliable, resilient and affordable for customers
AMERICAN Savings Bank	Investing in Hawaii's economic growth; fostering innovation and entrepreneurship to diversify and expand state economy
PACIFIC CURRENT	Mission to advance Hawaii's sustainability goals through investment in clean energy, water, wastewater and agriculture

Deepening ESG Integration

Integrating ESG even further into our governance structures, decision-making processes and reporting

- ✓ Conducted ESG materiality assessment for all companies within enterprise
- ✓ Board strategic retreat to oversee development of ESG assessment and strategy
- ✓ Formalizing ESG integration into risk management and strategic planning

HEI overview

Hawaii's largest corporation; diversified platform supplying energy, providing financial services to Hawaii communities and investing in a sustainable future

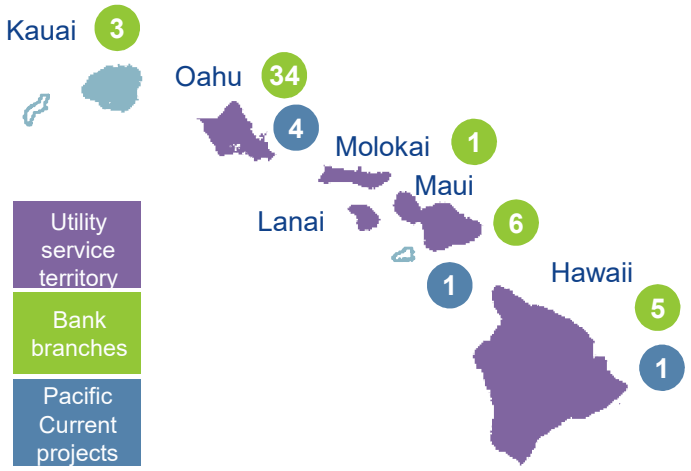
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Hawaiian Electric

AMERICAN Savings Bank

PACIFIC CURRENT



$4.8B Market capitalization[1]	**2.9%** Dividend yield[1]	**16%** 5-year total return (CAGR%) for period ending 9/30/19	**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 $44.05 on 12/4/2019.

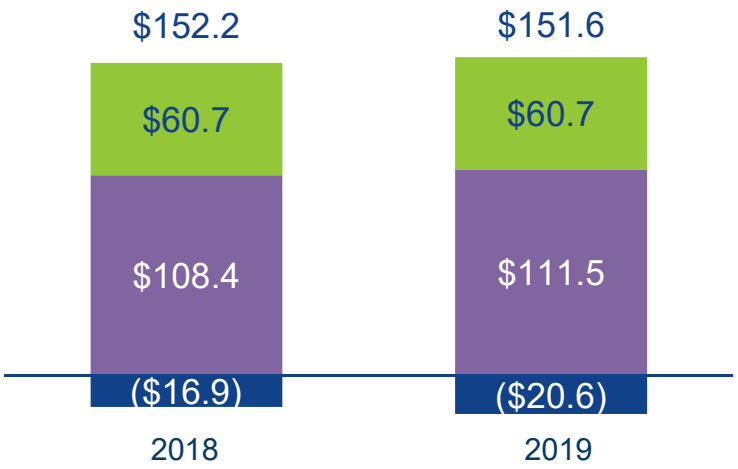
2 Based on LTM 9/30/2019 earnings to common shareholders and excludes other companies' net loss.

3 Full time employees as of 12/31/2018.

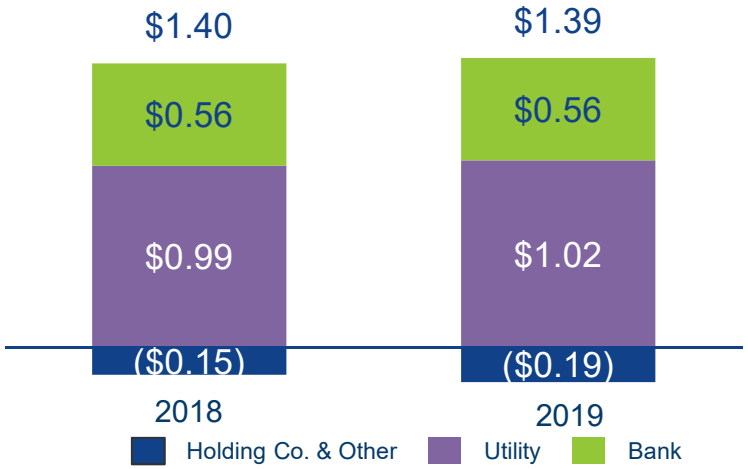
Continued financial performance

Utility continues to execute to full year plan while ASB is executing well in a challenging interest rate environment

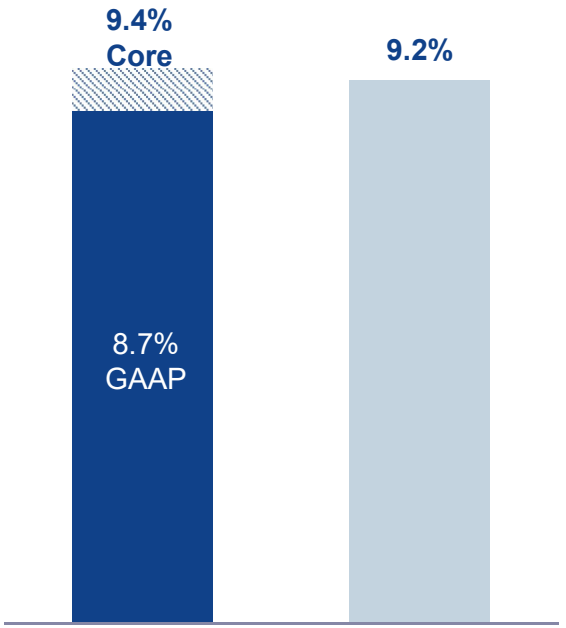
YTD SEPT NET INCOME



YTD SEPT DILUTED EPS (CORE)



CONSOLIDATED LTM HEI ROE



	2018	2019
Utility	GAAP 7.2% Core 7.7%	7.6%
Bank[1]	13.8%	13.7%

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 shown are for Q3 2019, and are calculated using net income divided by the average daily balance of common equity.

2019 YTD highlights

- ✓ **Improved Hawaiian Electric earnings; American Savings Bank maintaining industry-leading NIM despite challenging interest rate environment**
- ✓ **Hawaiian Electric's Stage 2 RFP marks an important milestone towards achieving 100% renewable energy; 75 bids already received**
- ✓ **Hawaiian Electric won contract to own, operate and maintain Army distribution system on Oahu**
- ✓ **Hawaiian Electric submitted initial PBR proposal, and continues to work collaboratively with stakeholders through the process**
- ✓ **Pacific Current continues to optimize existing portfolio and pursue additional project opportunities and partnerships**

Track record of delivering exceptional value

Outperformed the S&P 500 and broader utility index YTD and over 1, 3 and 5 year periods with lower risk profile

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Strong consolidated investment grade balance sheet provides access to competitively priced growth capital

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Efficient capital structure and growing dividends from subsidiaries limit need for external equity; Subsidiary dividends to holding company increased ~30% since 2017[1]

3.2% dividend increase enhances history of uninterrupted dividends since 1901; 67% dividend payout ratio[2] in line with regulated utility industry peers

Sustained financial performance drives ability to invest in Hawaii; $2.1 billion invested in Hawaii infrastructure[3] and $7.8 billion loaned to Hawaii customers over last 5 years

1 Based on bank dividends of $38 million, $50 million, and ~$60 million for 2017, 2018, and expected in 2019; and utility dividends of $88 million, $103 million, and ~$100 million, for 2017, 2018, and expected in 2019.
2 Based on 2018 net income of ~$202 million and 2018 dividends of ~$135 million.
3 Includes Pacific Current investments, utility capex, and ASB investment in new campus through 2018 year end.

HAWAIIAN ELECTRIC INDUSTRIES

Board, management and corporate governance updates

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Board and corporate governance updates

Committed to good corporate governance

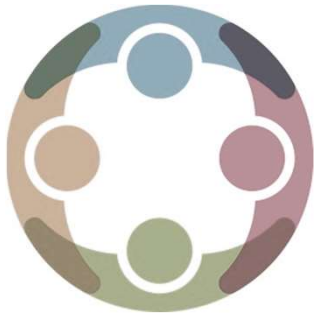
Board has approved for submission to shareholders in upcoming proxy statement the following governance changes:

- Adopt majority voting in uncontested director elections (from “plurality plus”)
  - Directors would need to receive a majority of votes cast
- Declassify Board over next three years
  - Move away from staggered three-year terms
  - Directors standing for election at 2021 and 2022 annual meetings would be elected to one-year terms; starting in 2023 all directors would stand for election annually

Adopted proxy access in early 2019

Focused on Board and management succession since end of Next Era Energy merger process

- Added five new directors since 2017 as part of ongoing Board refreshment
- Recently made Board leadership changes as part of planned transition
- Average independent director tenure of 7.7 years
- 64% of directors are women or from diverse ethnic backgrounds



Our Board of Directors

Knowledgeable, engaged leaders committed to Hawaii and advancing our strategy

Jeff Watanabe
Chairman, HEI



- Connection to Hawaii and meaningful knowledge of HEI and its subsidiaries
- Public company directorship experience at Matson and Alexander & Baldwin

KEY SKILLS
- Corporate Governance
- Government
- Legal

Constance Lau
President & CEO, HEI



- Intimate knowledge of the Company as an executive of HEI and its subsidiaries for 30+ years
- Deep understanding of local Hawaii communities

KEY SKILLS
- Strategic & Operational Management
- Energy & Utilities
- Infrastructure

Richard Dahl
Chairman, Former President & CEO, James Campbell Co.



- Experience in both the banking and utilities industries at Bank of Hawaii and Idaho Power
- Senior executive experience at Dole Food and Bank of Hawaii

KEY SKILLS
- Strategic & Operational Management
- Energy & Utilities
- Banking & Finance

Adm. Thomas Fargo
Former Commander, U.S. Pacific Command



- Brings a deep knowledge of the U.S. Military, a key driver in Hawaii's economy
- Vice Chairman at the United Services Automobile Association (USAA)

KEY SKILLS
- Corporate Governance
- Finance
- Risk Management

Peggy Fowler
Former President & CEO, Portland General Electric (PGE)



- Recognized leader in the utilities industry, serving as CEO, COO & President at PGE
- Public directorship and banking experience at Umpqua Holdings

KEY SKILLS
- Renewables
- Strategic & Operational Management
- Financial Oversight

Keith Russell
President, Russell Financial



- Banking experience at Mellon Financial (Vice Chairman), Glendale Federal Bank (COO) and Security Pacific National Bank (SVP)
- Former Chief Risk Officer, Mellon Financial

KEY SKILLS
- Risk Management
- Banking & Finance
- Strategic Planning

Celeste Connors
Executive Director, Hawaii Green Growth Local2030 Hub



- Expertise in environmental, energy and economic policy
- Deep understanding of the business, government and non-profit communities in Hawaii

KEY SKILLS
- Energy, Utilities & Sustainability
- Community Relations
- Government & Regulation

Mary Powell
President & CEO, Green Mountain Power



- Strategic and operational management expertise having served as President and CEO of Green Mountain Power since 2008

KEY SKILLS
- Renewables
- Energy & Utilities
- Strategic & Operational Management

Jim Scilacci
Former EVP & CFO, Edison International



- Financial, leadership and operational management expertise from serving as CFO at Edison International, and its utility and power generation subsidiaries

KEY SKILLS
- Finance & Accounting
- Strategic & Operational Management
- Energy & Utilities

Micah Kane
President and CEO, Hawaiian Community Foundation



- Significant private and public trust leadership, including as CEO of Hawaii Community Foundation
- Gov. affairs and policy development expertise through prior Chairmanship of the Hawaii Republican Party

KEY SKILLS
- Community Relations
- Government & Regulation
- Strategic & Operational Management

AUDIT COMPENSATION EXECUTIVE NOMINATING & CORPORATE GOVERNANCE

Management update

New utility CEO named



Scott Seu to succeed Alan Oshima as Hawaiian Electric President & CEO, beginning during 1Q20

- Seu currently serves as Hawaiian Electric's Senior Vice President for Public Affairs
- Oshima to serve as Senior Advisor to the CEO prior to retirement by end 2020

Scott Seu: Leadership depth and regulated utility, engineering and community expertise

- Held leadership positions across utility since 1993, including in environmental management, customer programs, renewable energy development and system operations
- Since 2017, has overseen utility regulatory, government and community affairs, and corporate relations; previously served as Vice President, System Operation and Vice President, Energy Resources & Operations
- Key leader on cybersecurity issues; liaison with the military and federal and state agencies
- Leads utility resilience initiatives, focusing on community awareness and building stronger relationships with key stakeholders and public agencies
- Leads implementation of "One Company" transformation strategy, bringing together best practices across Hawaiian Electric's three utilities to reduce duplication, share resources and maximize efficiency
- Bachelor's and master's degrees in mechanical engineering, Stanford University

HAWAIIAN ELECTRIC

Advancing Hawaii's clean energy transition



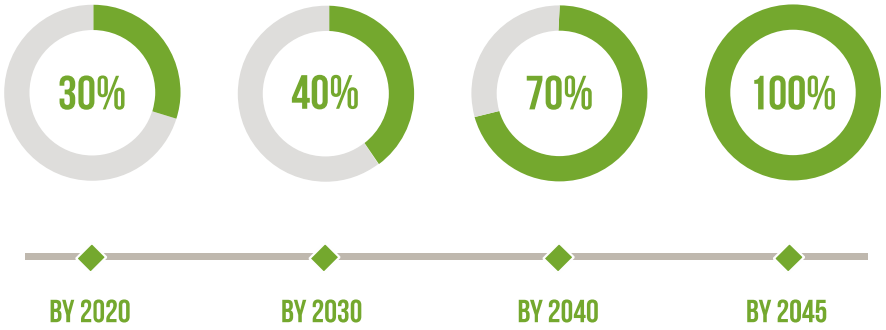
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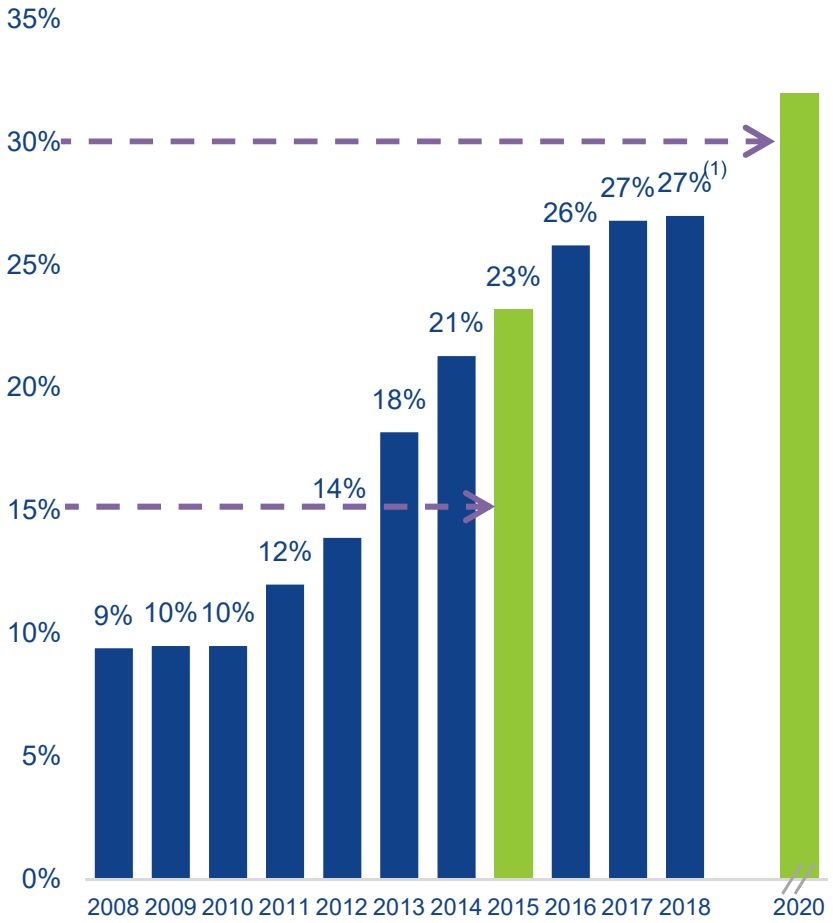
Committed to ambitious renewable energy goals

Strong progress and on track to exceed next milestone

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



ON COURSE TO EXCEED 2020 TARGET OF 30%

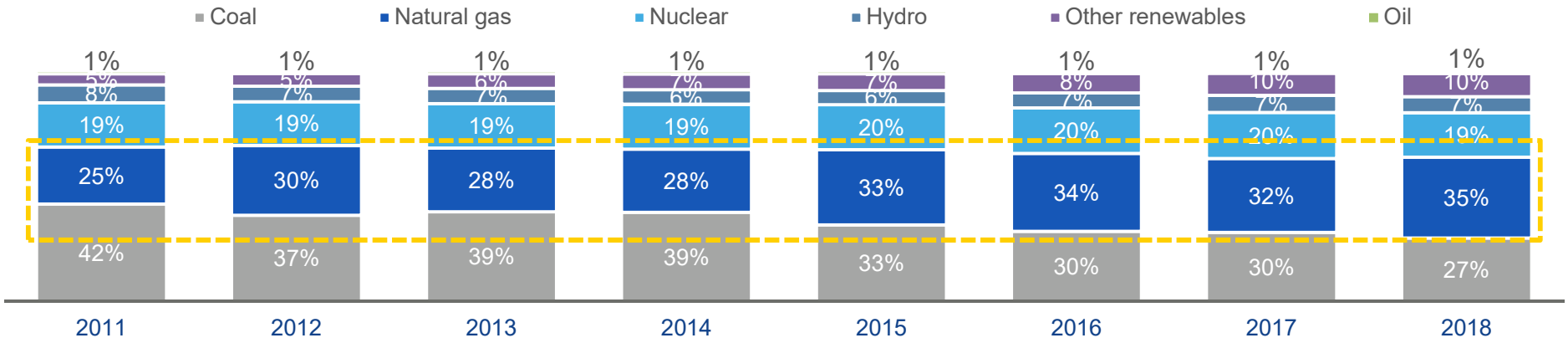


1 2018 Renewable Portfolio Standard (RPS) achievement was impacted by the outage of Hawaii Island's geothermal resource, third-party owned Puna Geothermal Venture (PGV), beginning in May 2018 as a result of the Kilauea volcanic eruption. 2018 RPS achievement would have been 29% had PGV produced at the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

Hawaii requires innovative solutions to meet its unique electricity needs

Low-cost natural gas has provided an increasing share of mainland generation

Mainland gas can be extracted relatively close to where it is consumed



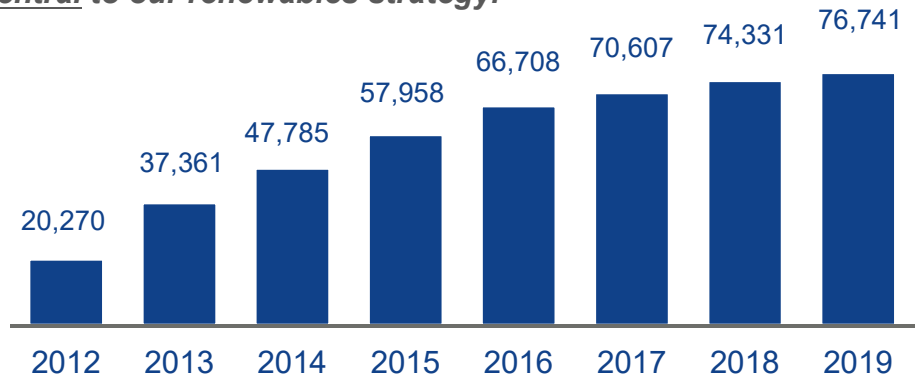
This low-cost generation source is <u>not available in Hawaii;</u> under state policy, <u>LNG is not an option</u>.

100% RPS is not possible with utility-scale projects alone due to limited land availability…

~20%

amount of state that would have to be covered with utility-scale projects in order to power our island with 100% renewable energy[1]

…which is why customer-sited distributed generation is <u>central</u> to our renewables strategy.



Residential PV systems in Hawaiian Electric service territories (#)

1 Assumes consumption from non-renewable generation of ~250 Tbtu is replaced with 50/50 mix of utility-scale wind and solar.

Principles guiding our renewable energy plans

Focused on affordable, reliable, resilient renewable energy

Renewable energy is our #1 option	We are aggressively pursuing cost-effective renewable resources
Every customer must have access to affordable, reliable, resilient electricity	We must ensure access to affordable electricity for all customers
Today's decisions must not crowd out tomorrow's breakthroughs	We can put better technology to work at lower cost as technology improves and costs decline
The grid must be modernized	A modernized grid will enable more renewable and distributed energy, and more customer options
The lights must stay on	Reliability and resilience are vital to our economy, our national security and critical societal infrastructure
Our plans must address climate change	We are aggressively working to minimize the effects of climate change; already cut GHG emissions 19% since 2010
There is no perfect choice	Every choice has an impact. We seek to make the best choices possible by engaging with our stakeholders

Key elements of clean energy transformation

Foundational Plans in Place

Power Supply Improvement Plan

Long-range plan outlining scenarios and generation needs for achieving 100% RPS

Grid Modernization Strategy

Set forth path to modernize the grid to enable 100% RPS and more customer options

Electrification of Transportation Roadmap

Outlined strategy to increase adoption of electric vehicles and other electrification activities

Key Initiatives Underway

Aggressively procuring utility-scale renewable energy

Growing distributed energy resources

Implementing grid modernization strategy
- Deployment of smart meters, communications and data management systems to integrate more renewables
- PUC approved Phase 1; applied for portion of Phase 2
- Designing rates to deliver customer options, manage grid needs

Advancing electrification
- Initiated electric bus pilot providing time of use rates
- Filed near-term workplan, focused on rates, make-ready infrastructure

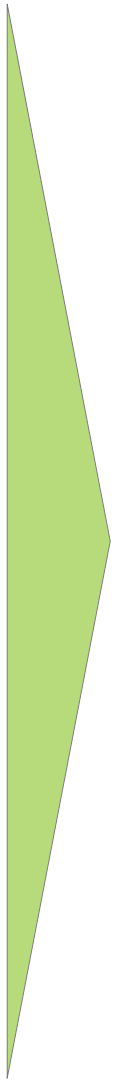
Evolving regulatory framework to achieve Hawaii's policy goals
- PUC decision on Phase 1 of PBR outlined conceptual framework
- Details being developed in Phase 2

Launched next phase of long-range planning → Integrated Grid Planning (IGP)
- Combines planning and procurement for generation, transmission and distribution, including non-wires alternatives

Aggressively pursuing utility-scale renewables

Record procurement initiatives underway

- **Launched among largest renewable procurement efforts ever undertaken by a US utility**
  - Challenging the market to deliver cost-effective projects for up to 900 MW renewable energy, 500 GWh storage, 210 MW grid services in Stage 2 RFP[1] ;75 bids received in Nov. 2019
  - Follows PUC approval of 7 PPAs for 260 MW solar and ~1 GWh storage in Stage 1 RFP
- **Innovative new PPA helping drive lower cost renewable energy, operational flexibility**
  - Fixed monthly payment reduces developer financing costs, reducing energy prices for customers
  - Utility able to dispatch solar, wind to match needs of grid at lowest cost
- **Replacing coal, oil-fired generation**
  - 180 MW AES coal plant contract expires Sept. 2022
  - Oil-fired Kahului Power Plant planned for retirement by 2024 (and potentially earlier)
  - Honolulu Power Plant decommissioned in 2014



If approved and completed on time, Stage 1/Stage 2 projects could help us reach:

~50% RPS by 2022

~70% RPS by late 2020s

Key determinants of how fast we can go:

→ Community acceptance of projects

→ Market must deliver projects that are cost-effective for our customers

→ Land availability

1 Represents maximum amounts being sought. Actual amounts procured will depend on the market delivering cost-effective results.

Encouraging rooftop PV, customer-sited resources

Providing infrastructure and programs to integrate DER

Our service territory has the nation's highest penetration of rooftop solar

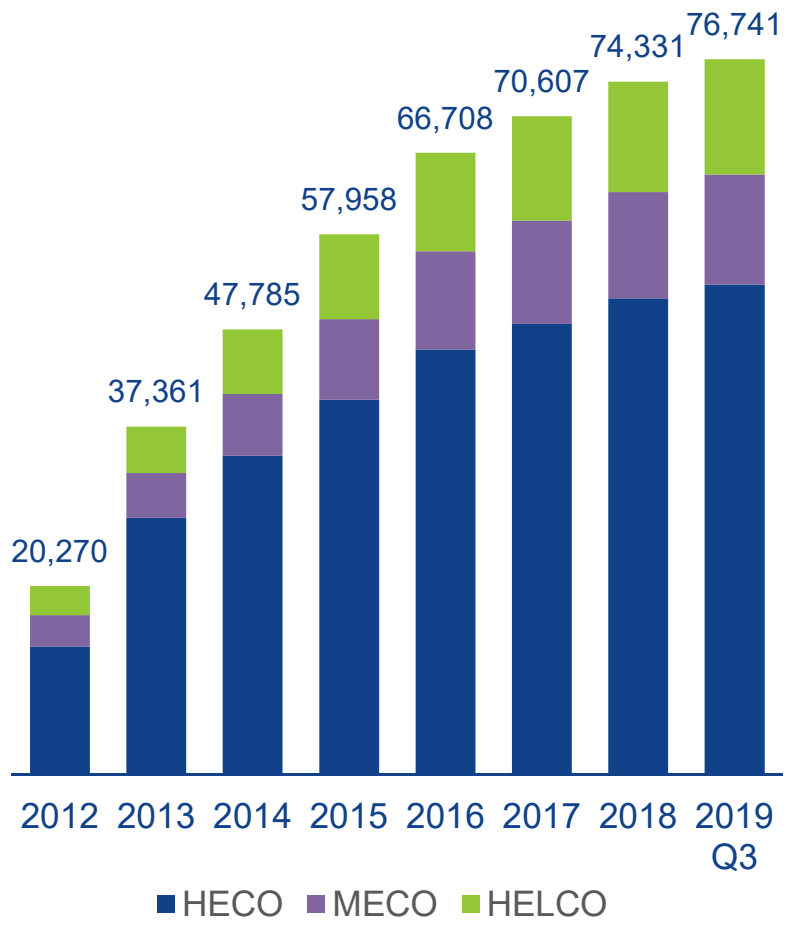
- Distributed energy resources (DER) are a key element of our plan for achieving 100% RPS

Hawaiian Electric is a national leader and innovator in integrating high levels of intermittent, customer-sited solar

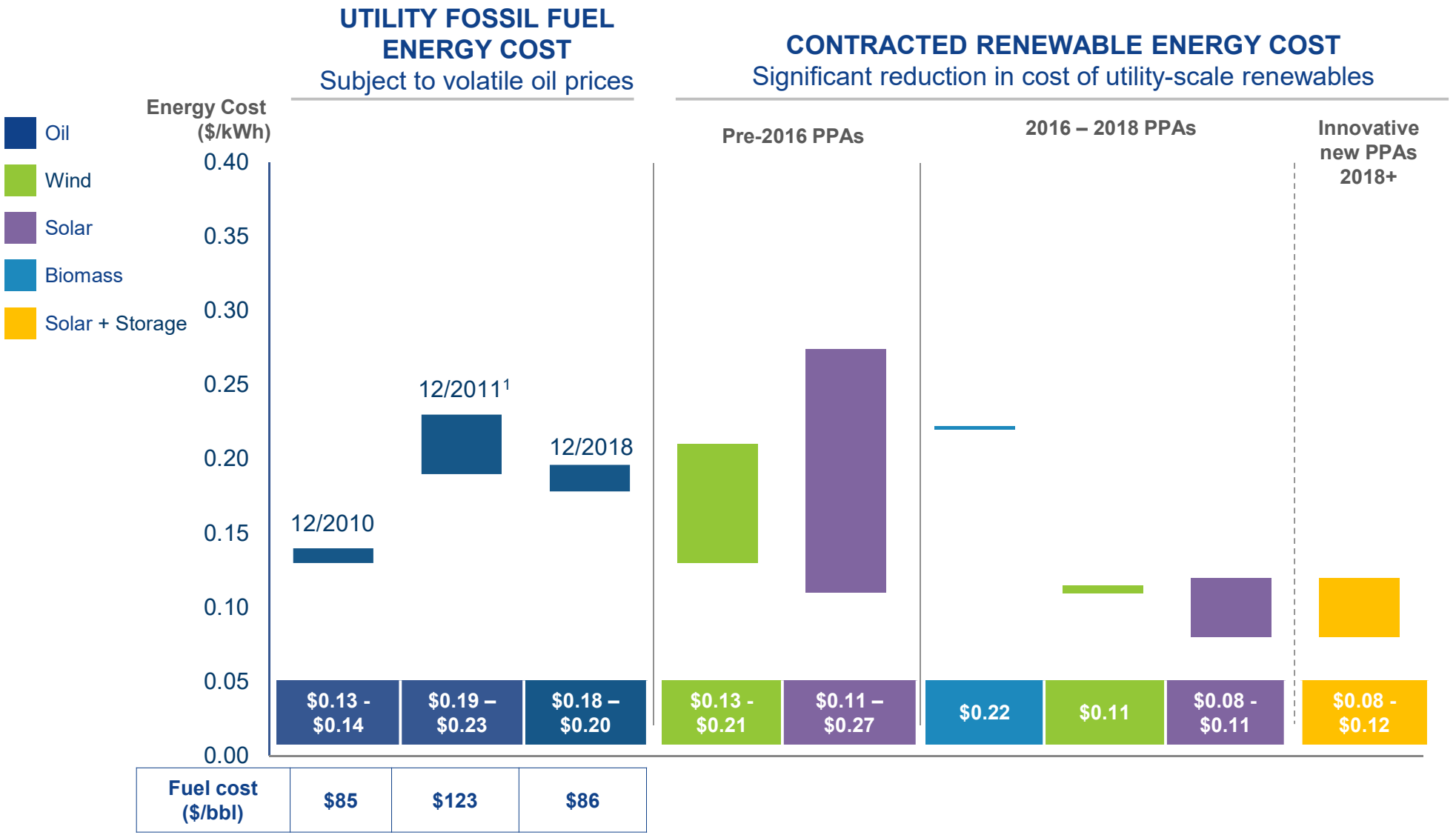
- Managing grid to ensure reliability with high levels of variable, intermittent distributed sources
- Using innovative inverter technologies and smart meters to manage distributed resources
- Our expertise routinely sought by other utilities

Under our DER programs, residential PV systems have grown an average of 21% annually since programs began in 2012

# of Residential PV Systems



Renewable energy is key to customer affordability in Hawaii



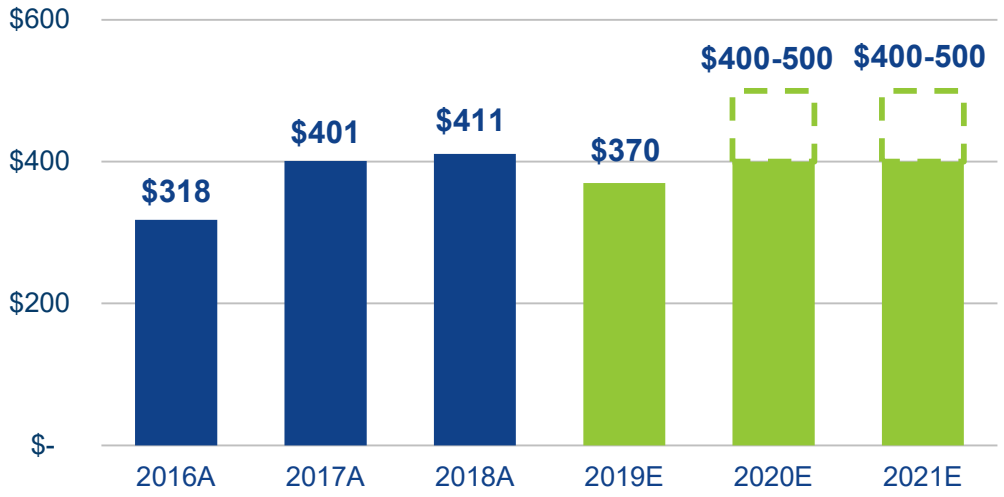
1 The 2011 fuel oil increase was largely driven by the nuclear disaster of the Fukushima power plant in March 2011, which increased the price of oil in Hawaii as our fuel oil purchases are largely driven by the Asia Pacific market.

Renewables, reliability and resilience drive capital investment

Annual investment of 2x depreciation to transform grid, integrate more renewables

CAPITAL EXPENDITURES FORECAST

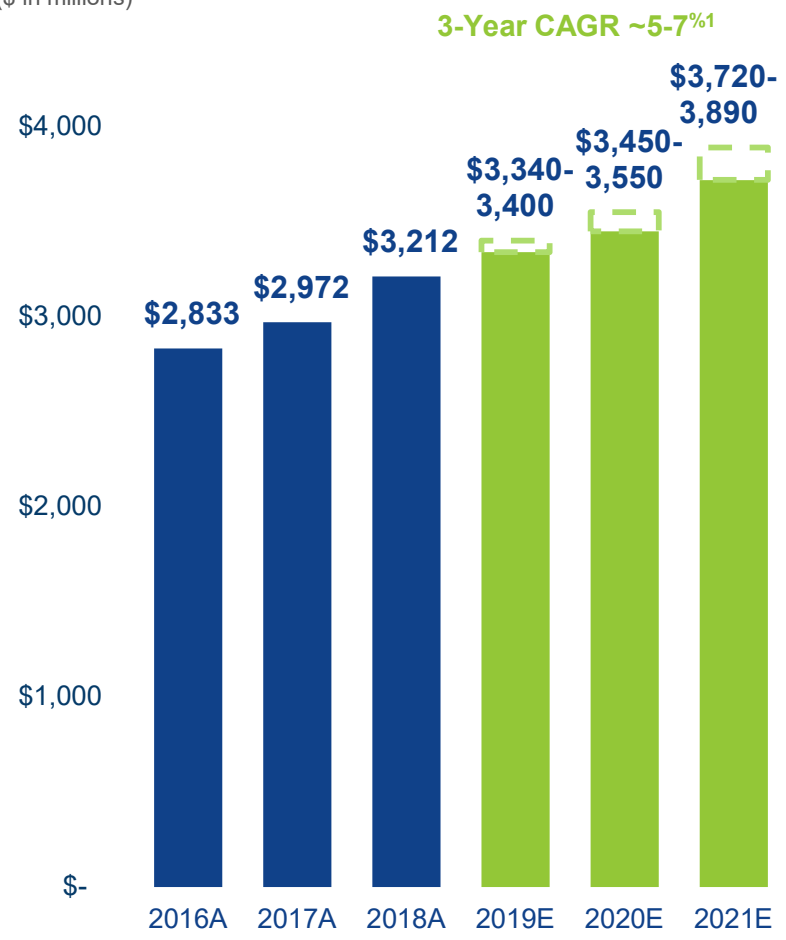
($ in millions)



Major Capex Projects	Forecast 2019	Forecast 2020	Forecast 2021
West Loch PV	$14	-	-
Other Major Projects	~$40	~$55	~$100
Grid Modernization Project Phase 1	$10	$31	$40
Baseline Projects	~$306	~$315	~$315

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.).

Maintaining strength of core business as renewable transformation continues

- **West Loch solar facility placed in service in November**
  - Producing the lowest-cost renewable energy to date in the state at an estimated 7.5 cents per kilowatt-hour
- **Utility awarded 50-year Army privatization contract through competitive process**
  - Subject to Commission approval, utility to own, operate and maintain electric distribution system serving Army's 12 Oahu installations beginning ~late 2021
  - Earnings impact not expected to be material; utility already provides electricity to Army
- **Initiatives underway to improve cost-effectiveness**
  - Enterprise system (ERP) already delivering savings; steady state benefits to start in 2020, a year early
  - One Company consolidation and standardization
  - Oahu facilities consolidation
  - Expanding use of technologies to reduce costs
  - Benefit program evaluation
- **Regular rate case cycle continuing prior to PBR implementation**
  - Hawaii Electric Light 2019 rate case: Partial settlement filed in Sept.; Nov. interim decision held rates flat, maintained 9.5% allowed ROE, 58% equity capitalization
  - Hawaiian Electric 2020 rate case: Filed in Aug.; interim rates expected by July 2020

AMERICAN SAVINGS BANK

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

HEI

Catalyst for a better Hawai'i

American Savings Bank: Efficient source of funding from consistent performance

- One of Hawaii's largest financial institutions – full-service community bank with $7 billion in assets and 49 branches across the state
- 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 consolidation in new Honolulu campus

Maximizing shareholder value in the Hawaii market

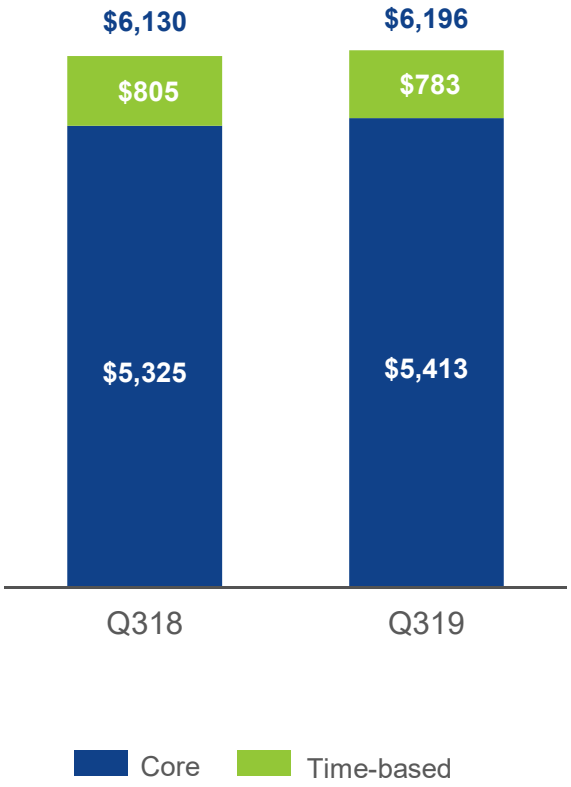
- ✓ Focus on market segments that are faster growing or where we are under penetrated
- ✓ Execute efficiently to get the most out of our growth
- ✓ Deliver strong, consistent return on equity
- ✓ Return the capital on which we can't earn the targeted returns

Revenue growth driven primarily by net interest income

Track record of converting deposit growth to higher net interest income

($ in millions)

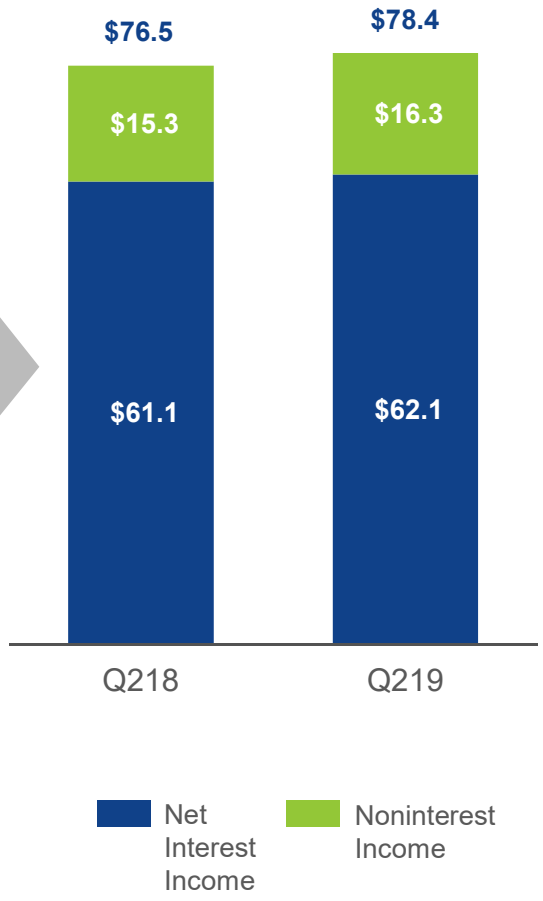
TOTAL DEPOSITS GREW 1.1%



AVERAGE INTEREST-EARNING ASSETS INCREASED 2.3%



NET INTEREST INCOME INCREASED 1.5%

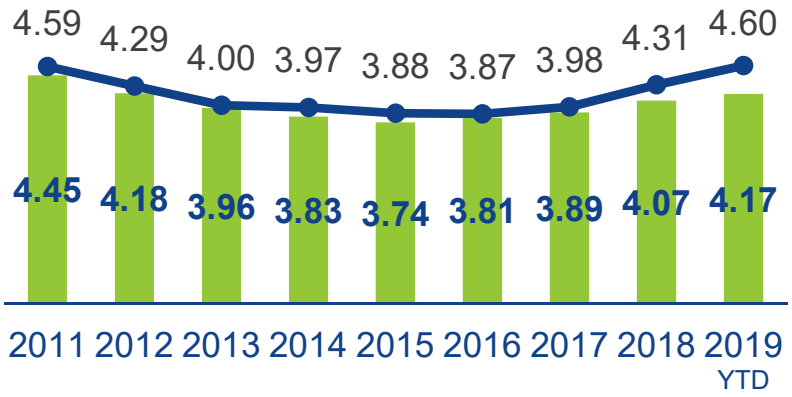


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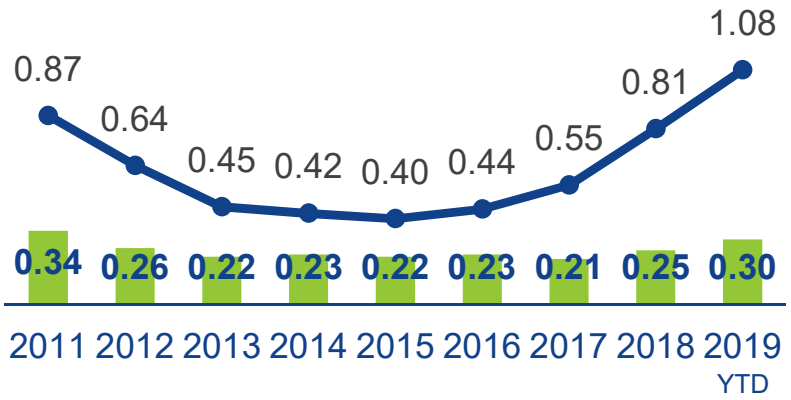
Net interest margin

YTD NIM 3.90%

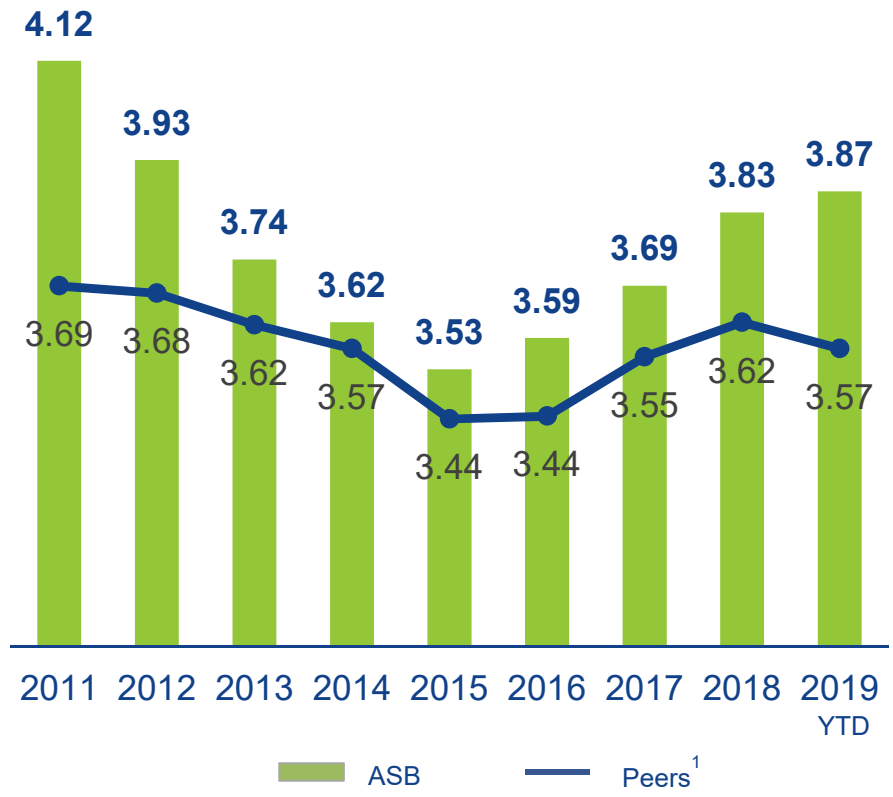
ASSET YIELD



COST OF FUNDS (%)



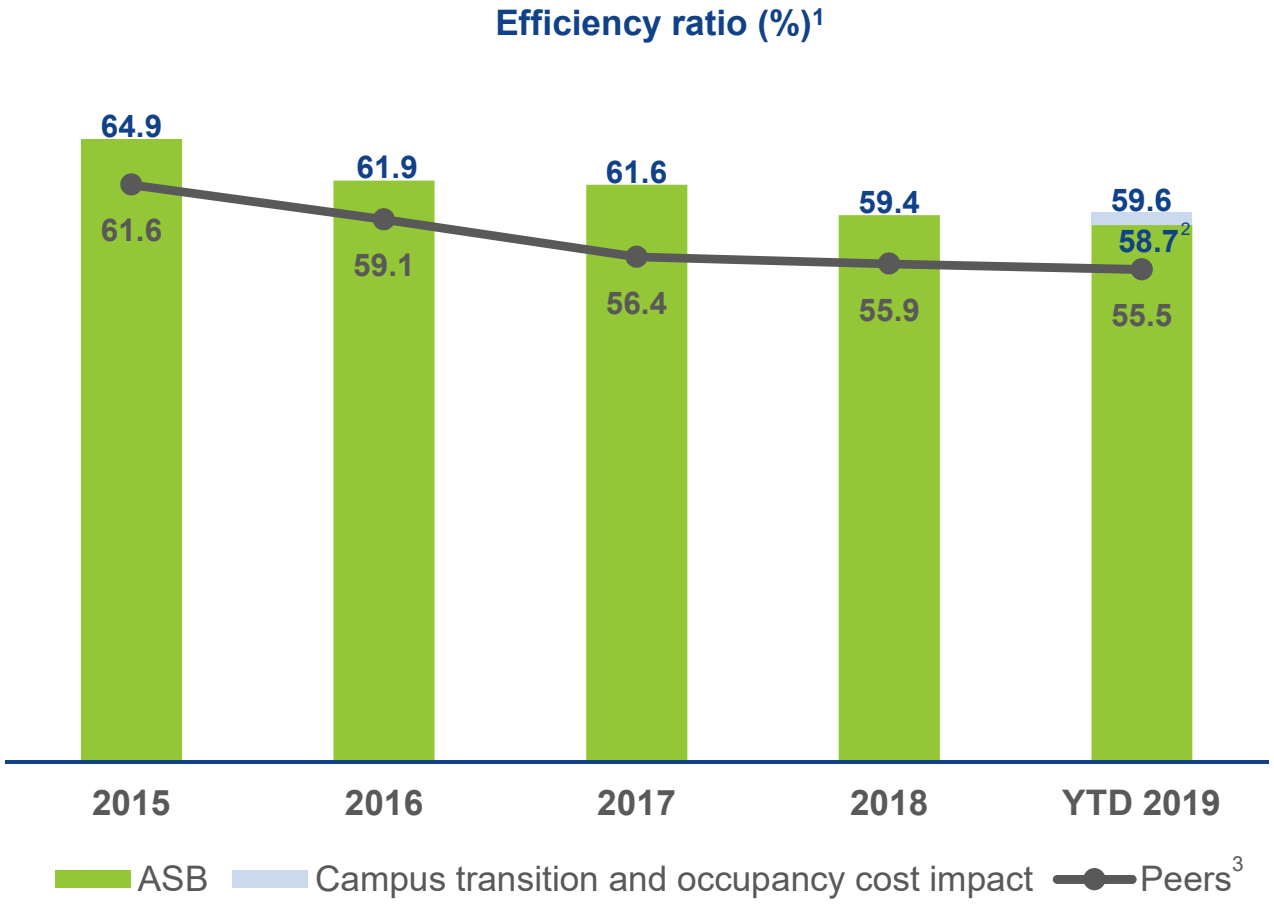
NET INTEREST MARGIN (%)



Source for peer data: SNL Financial (based on data available as of November 5, 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.

Efficiency improvement remains a key focus

- ✓ **ASB's efficiency ratio continues improving trajectory** (excluding campus transition costs, 58.7% Q319 YTD versus 59.4% 2018)[1]
- ✓ **Targeting an average of ~100 basis points of improvement per year through 2021**



Source for peer data: SNL Financial (based on data available as of October 30, 2019).

1 Calculated as non interest expense / (net interest income before provision + noninterest income).

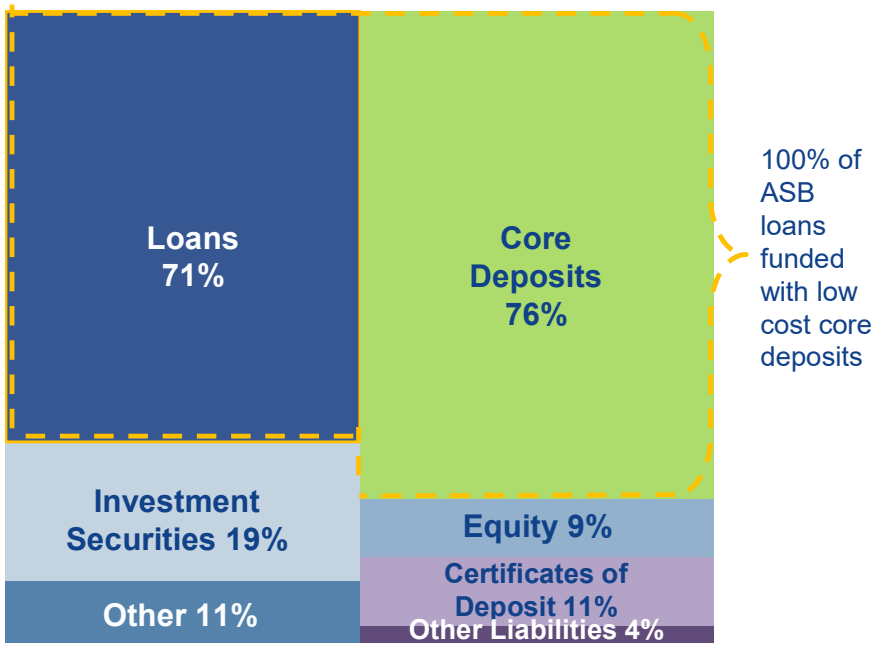
2 Excluding year-to-date campus transition and occupancy costs from reported non-interest expense of $139.2 million year-to-date, the efficiency ratio is 58.7% year-to-date (versus 59.6% on a reported basis).

3 Median for peer group based on publicly traded banks and thrifts between $4B and $9B in total assets. See Appendix for ASB peer group information.

Quality balance sheet and capital efficiency

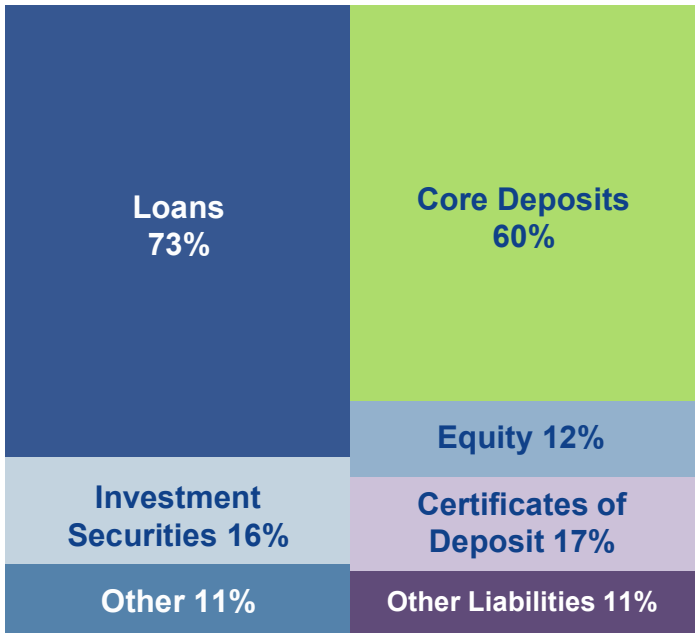
ASB[1]

Average yield on earning assets	4.11%
Average cost of funds	0.30%
Return on average equity[3]	13.75%



PEER BANKS[2]

Median of avg. yield on earning assets	4.55%
Median of avg. cost of funds	1.09%
Return on avg. equity	11.09%



ASB CAPITAL ADEQUACY RATIOS	Common equity tier 1	Tier 1 capital	Total capital	Tier 1 leverage
As of 09/30/19	12.83%	12.83%	13.96%	8.79%
"Well capitalized"	6.50%	8.00%	10.00%	5.00%

Source for peer data: SNL Financial (based on data available as of October 30, 2019)
1 For quarter ending 9/30/2019.
2 For quarter ending 9/30/2019. Peer group based on publicly traded banks and thrifts between $4B and $9B in total assets. See Appendix for ASB peer group information.
3 Bank return on average equity calculated using weighted average daily common equity.

PACIFIC CURRENT

Pursuing opportunities in Hawaii's sustainable infrastructure market

HEI

Catalyst for a better Hawai'i

Sustainable infrastructure investment platform

Investing In:

- Non-regulated clean energy and sustainability projects consistent with HEI's risk profile and value proposition
- Portfolio of Hawaii-based infrastructure investments while maintaining HEI's investment grade credit rating

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

Early Success in Initial Projects

- Proof of strategy with first two projects making meaningful progress
- Initial project's earnings and cash flow helping fund Pacific Current start-up costs and investments
- Near-term focus on identifying / pursuing new project opportunities

Pacific Current recent initiatives highlight focus on sustainability

- Contract to provide locally-produced biofuels for Hamakua Energy facility advances Hawaii Island energy independence and energy security, supports local economy
- 5 solar + storage projects with University of Hawaii continue through construction phase
- Launch of EverCharge Hawaii joint venture to help advance EV adoption by addressing multi-unit dwelling charging challenges
  - System does not require expensive building infrastructure upgrades, making EV charging installation more affordable and scalable





Financial outlook

Catalyst for a better Hawai'i

HEI 2019 EPS guidance
(as of November 1, 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 5 – 6% above 2018 levels (excluding 2018 one time charges of ~$7 million, post-tax)
- Rate base growth: 4 – 6% over 2018
- 2019 capex at or above $370 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 – $0.05 per share related to gain from sale of former headquarters, partially offset by moving costs*

No new equity issuances in 2019

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

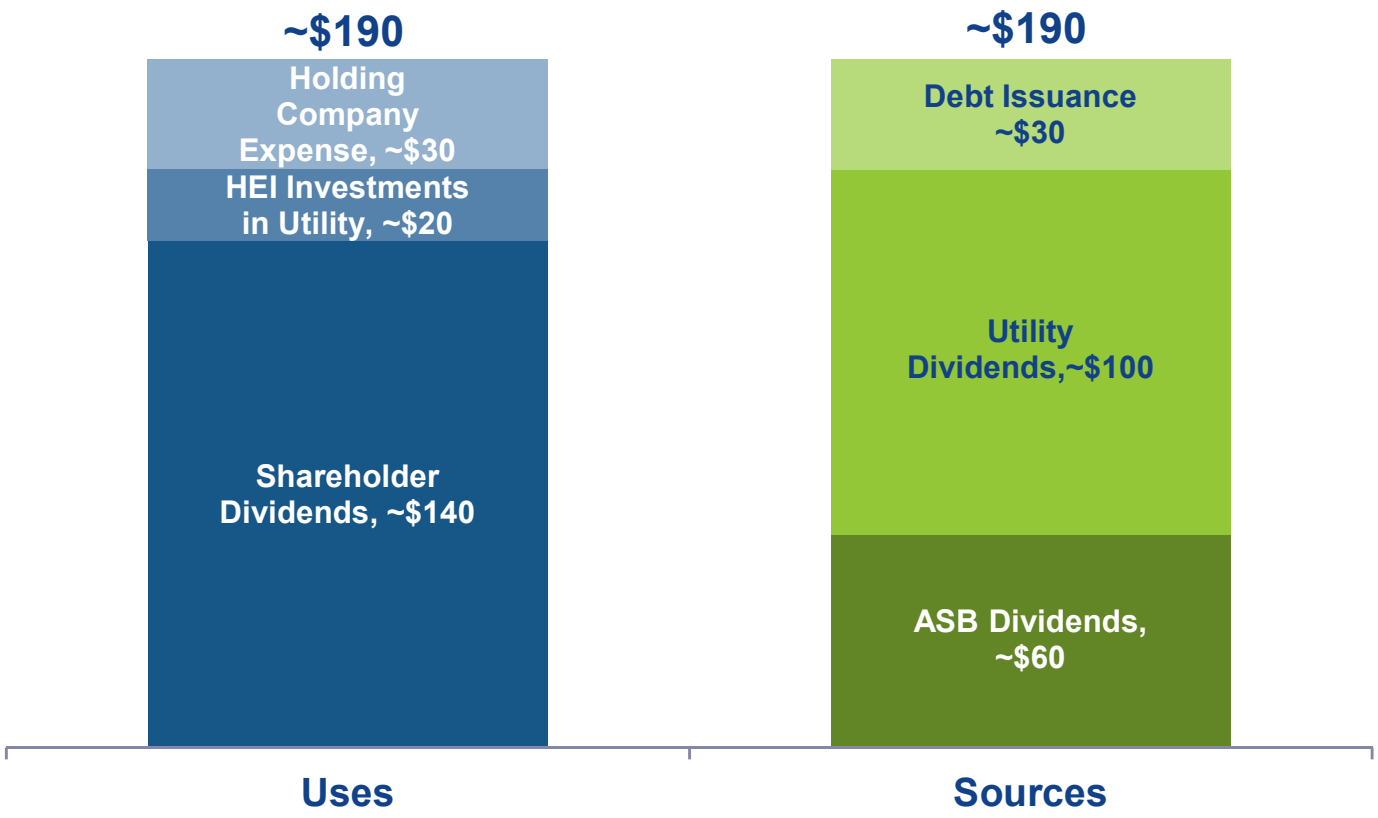
[1] Also excludes O&M expenses covered by surcharges or by third parties that are neutral to net income.

HEI financing outlook 2019
(as of September 30, 2019)

Intend to maintain a consolidated investment grade profile

Utility capex program equity needs funded without the need for HEI-issued equity

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

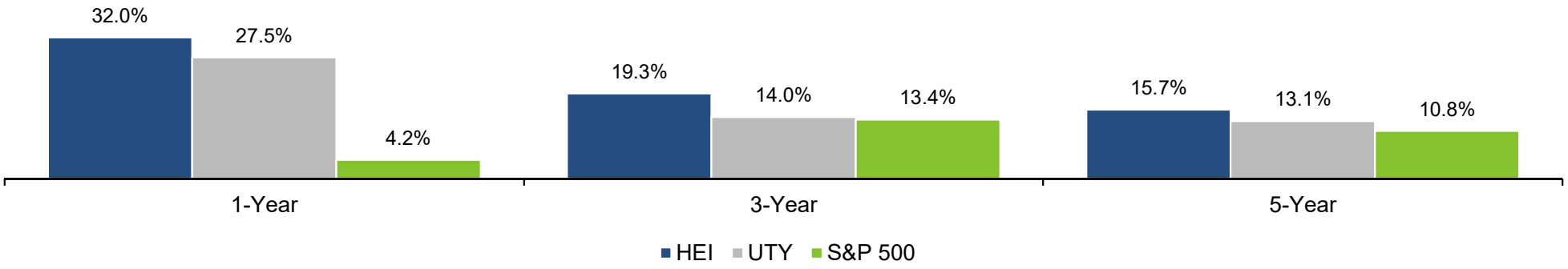


Appendices

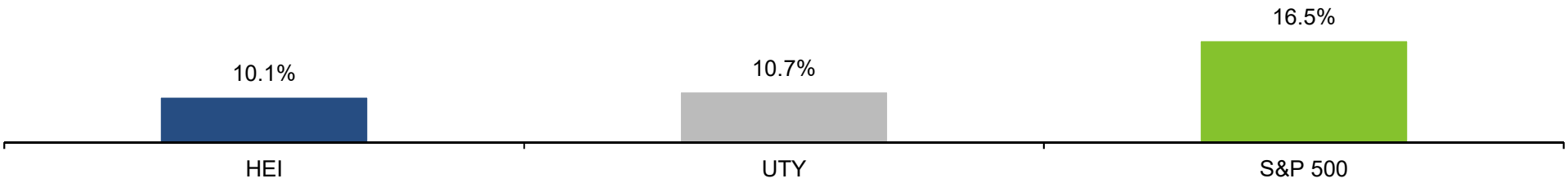
HEI
Catalyst for a better Hawai'i

HEI's business strategy has provided superior risk-adjusted returns to its shareholders

ANNUALIZED TOTAL SHAREHOLDER RETURN



VOLATILITY [1]

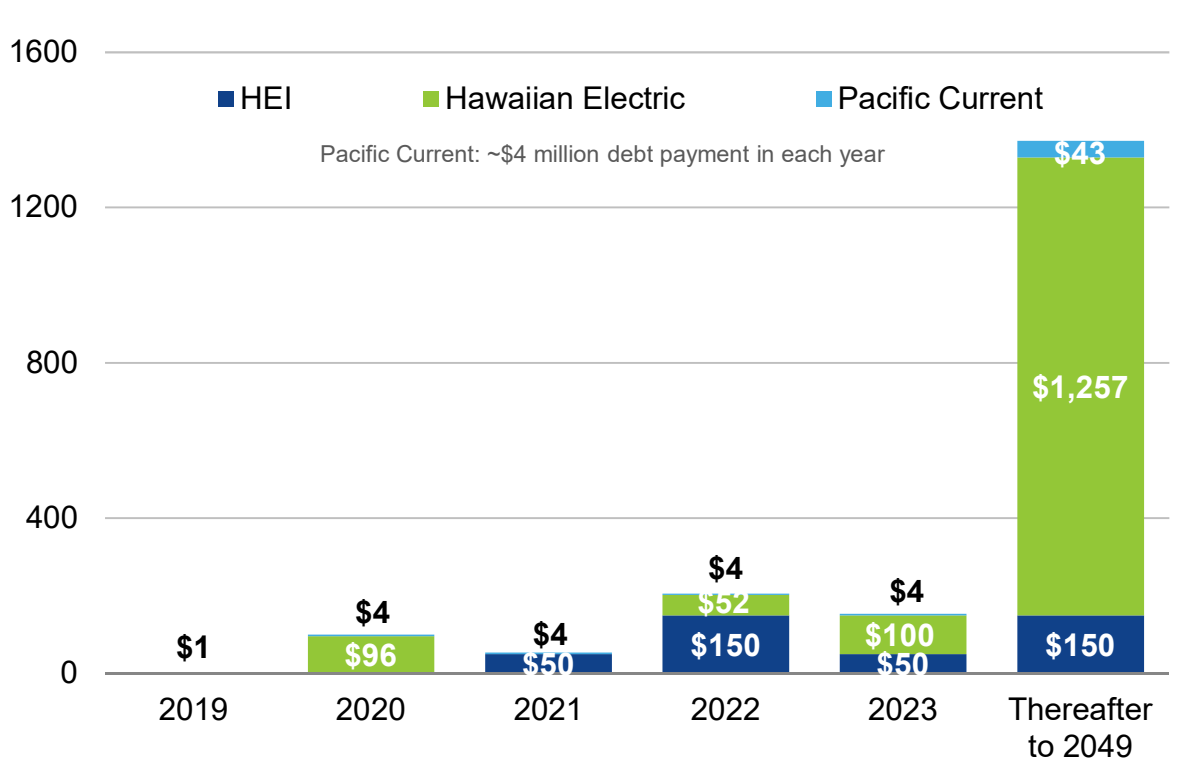


Note: Bloomberg as of 9/30/19; Assumes dividends are reinvested and returns are compounded
1. Weekly volatility over a 1-year period according to Bloomberg's Historical Volatility Graph

Debt maturities[1] & credit ratings

($ in millions)

Credit Ratings	HEI	Hawaiian Electric	ASB
Moody's[2]	Unrated/Positive/P-3	Baa2/Positive/P-2	n/a
S&P[3]	BBB-/Stable/A-3	BBB-/Stable/A-3	BBB/Stable/A-2
Fitch[4]	BBB/Stable/F3	BBB+/Stable/F2	n/a



1 Debt maturities data as of September 30, 2019 except for HECO, which includes special purpose revenue bonds closed on October 10, 2019. See** below
2 Source for ratings: November 2019 HEI & October 2019 Hawaiian Electric Moody's reports; On February 10, 2017, Moody's withdrew ratings of ASB for its own business reasons
3 Source for ratings: February 2018 (HEI), August 2019 (Hawaiian Electric) & November 2019 (ASB) S&P reports
4 Source for ratings: September 2019 (HEI) & July 2019 (Hawaiian Electric) Fitch reports
* Excludes debt expenses of ~ $9 million (does not reflect the adoption of ASU No. 2015-03, Interest-Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs)
** Includes $80 million Hawaiian Electric special purpose revenue bonds closed on October 10, 2019, which mature on October 1, 2049

Hawaii economy remains stable

Moderate pace of growth

Tourism

	Oct. 2019 vs Oct. 2018	YTD 2019 vs YTD 2018
Total arrivals	+4.8%	+5.5%
Total expenditures	+0.9%	+0.2%

Unemployment

- October 2019 – Hawaii: 2.7%; U.S.: 3.6%

Real Estate

- YTD September 2019 Oahu sales volume vs PY:
  - Single family homes, up 0.8%
  - Condominiums, down 6.7%
- YTD September 2019 Oahu median sales prices vs PY:
  - Single family homes: $785,000, down 0.5%
  - Condominiums: $425,000, down 1.0%

Real State GDP

- Expected to increase 1.1% in 2019, 1.2% in 2020

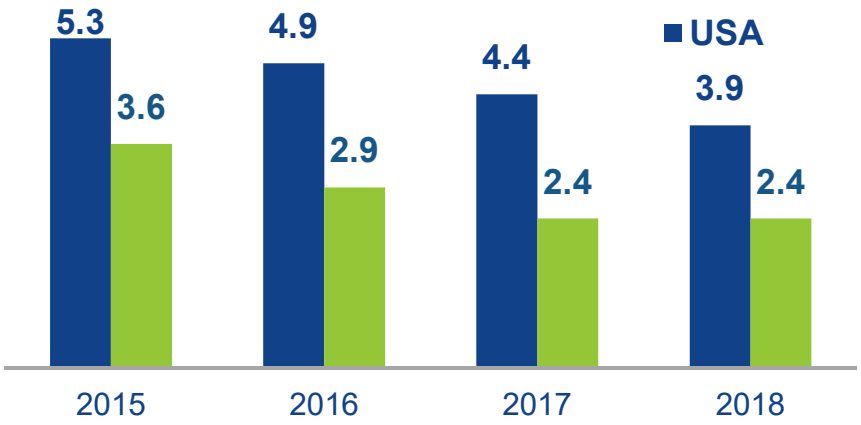
Sources: Department of Business, Economic Development and Tourism (DBEDT), Hawaii Tourism Authority, U.S. Bureau of Labor Statistics, Hawaii State Department of Labor and Industrial Relations, Title Guaranty Hawaii. 2019 real state GDP estimate from DBEDT August 22, 2019 outlook.

Hawaii's economic trends remain attractive

Visitor arrivals and expenditures remain strong despite slower growth

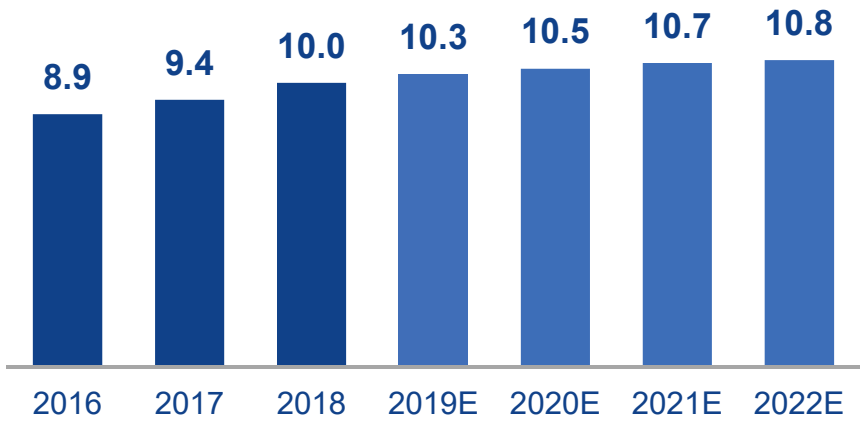
UNEMPLOYMENT RATE (%)

Unemployment rate consistently below U.S. mainland



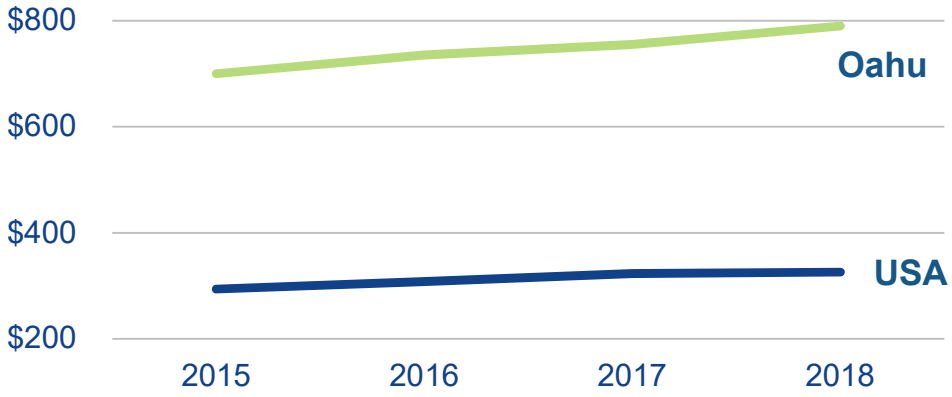
HAWAII VISITOR ARRIVALS (MILLIONS)

Sustained growth in visitor arrivals



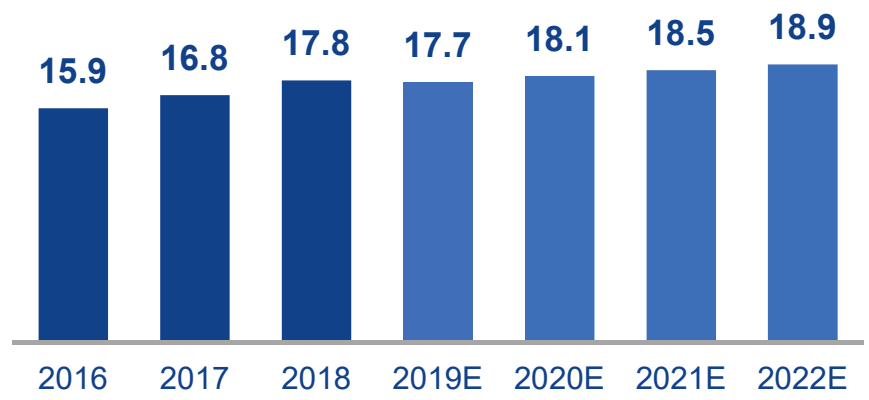
MEDIAN HOME PRICES[1] ('000s)

Consistently strong home values



HAWAII VISITOR EXPENDITURES (BILLIONS)

Strong contributions from visitor expenditures



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.

Hawaii's economy is driven by a diversity of factors

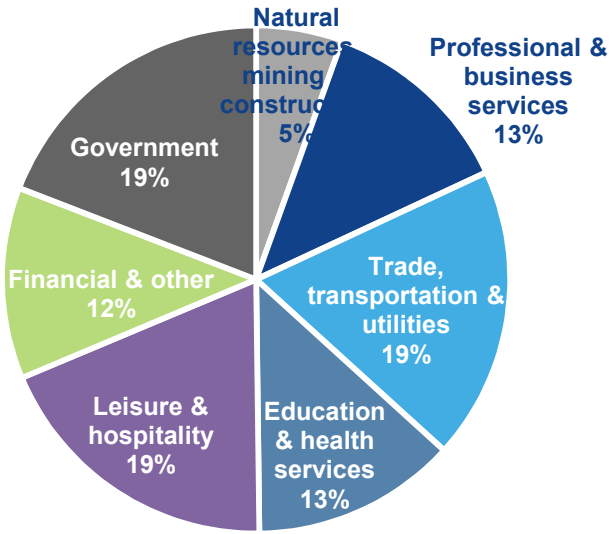
Federal defense spending, tourism from diverse economies drive economic stability

Exposure to a diverse range of economies and regions provides stability to tourism growth

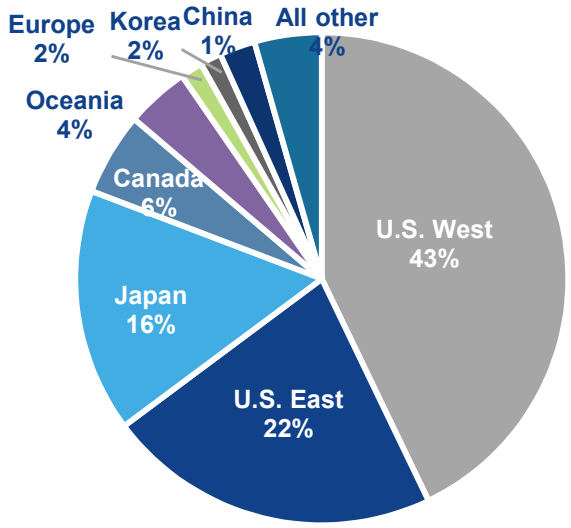
Federal government jobs, primarily military, have historically been steady and predictable, and are expected to remain at ~33k through ~2026

Federal defense spending is a larger portion of GDP than in any state except Virginia, providing GDP stability

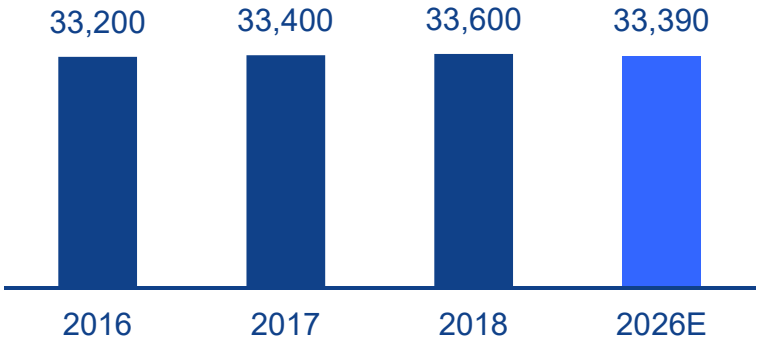
JOBS BY INDUSTRY (%)[1]



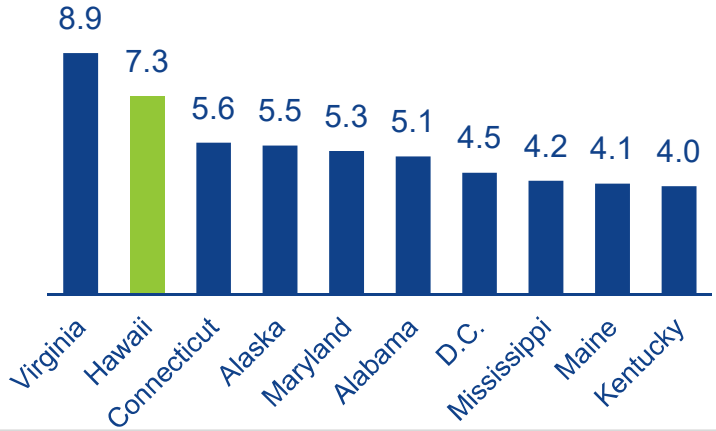
TOURISM BY SOURCE[2]



FEDERAL GOVERNMENT JOBS[3]



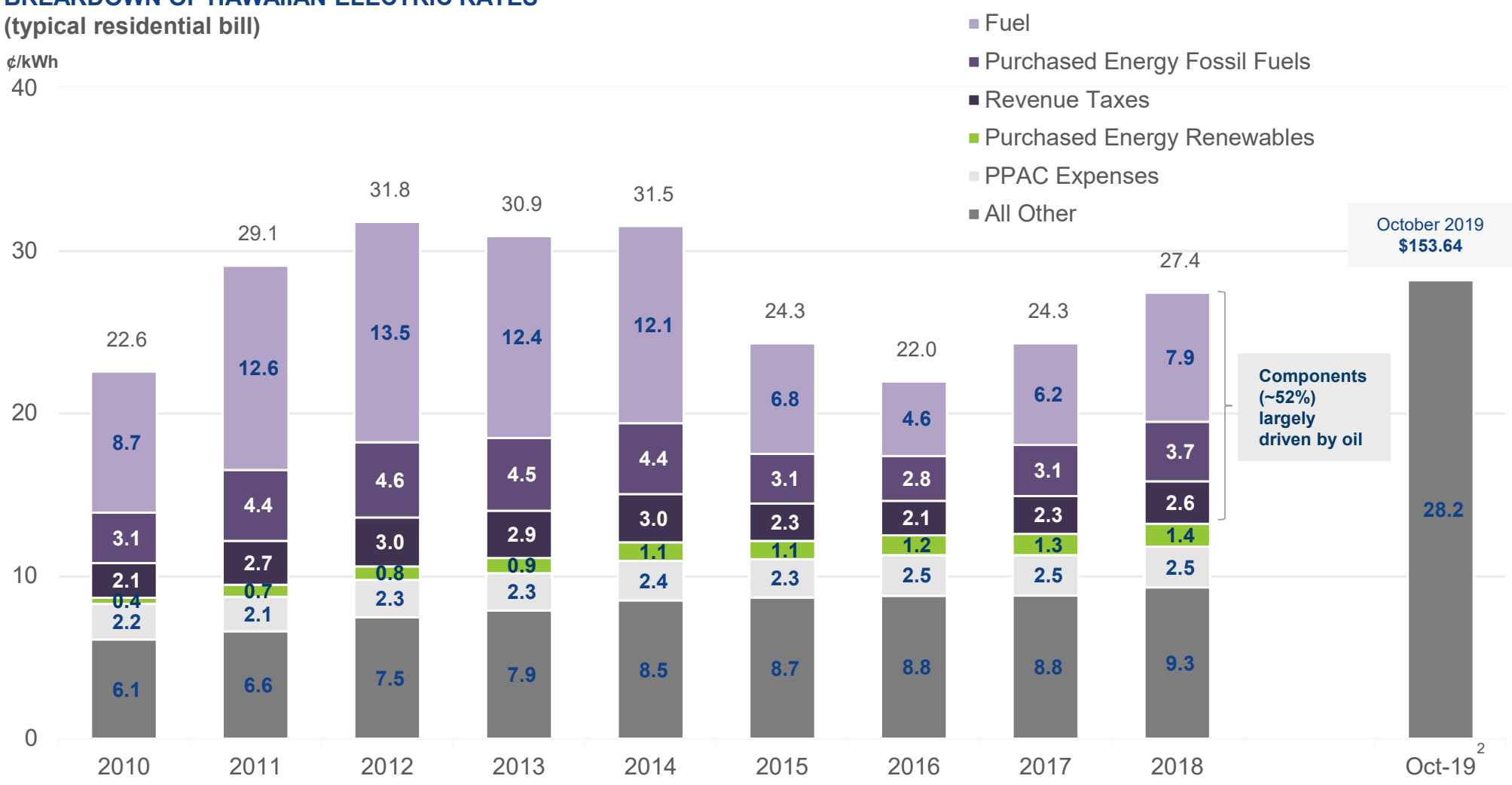
DEFENSE SPENDING % OF GDP[4]



1 2018 data. Source: Hawaii Department of Labor and Industrial Relations. "Other" category in "Financial & Other" includes manufacturing, information technology, and other professional services.
2 2018 Data. Source: DBEDT.
3 Source: Hawaii Department of Labor and Industrial Relations.
4 2017 data. Source: Department of Defense Office of Economic Adjustment "Defense Spending by State" report, revised March 2019.

Oil is the primary driver of rates in Hawaii

BREAKDOWN OF HAWAIIAN ELECTRIC RATES[1]
(typical residential bill)

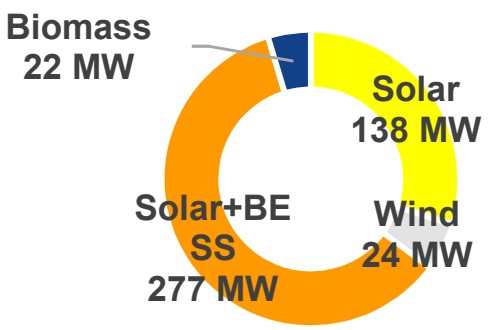


1 Hawaiian Electric Oahu average revenue per kWh sold.
2 Based on the October 2019 energy cost recovery factor for residential customers only.

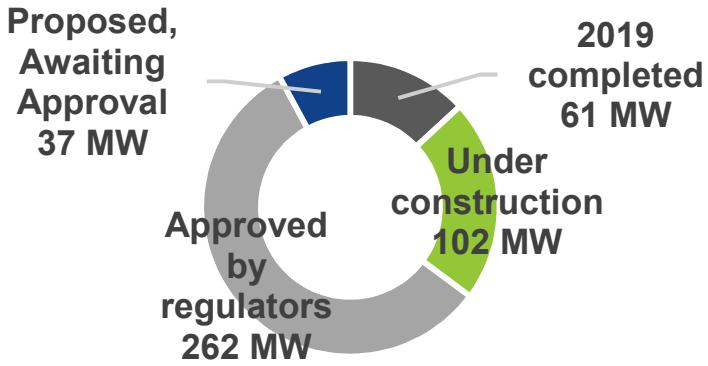
Renewable energy projects—status update

Near-term renewable projects represent diverse resource mix, contribute significantly to RPS

Near term (2019 – 2022) projects by technology (MW)[1,2]



Near term (2019 – 2022) projects by status (MW)[1,2]



Near term projects, % RPS contribution by year[3]

Community acceptance of projects, land availability and market's ability to deliver cost-effective projects are key determinants of reaching 50% RPS



Note: Megawatts shown in charts at top of slide do not translate directly to RPS percentage points, as capacity factors of each technology must be factored in to get to RPS contribution.

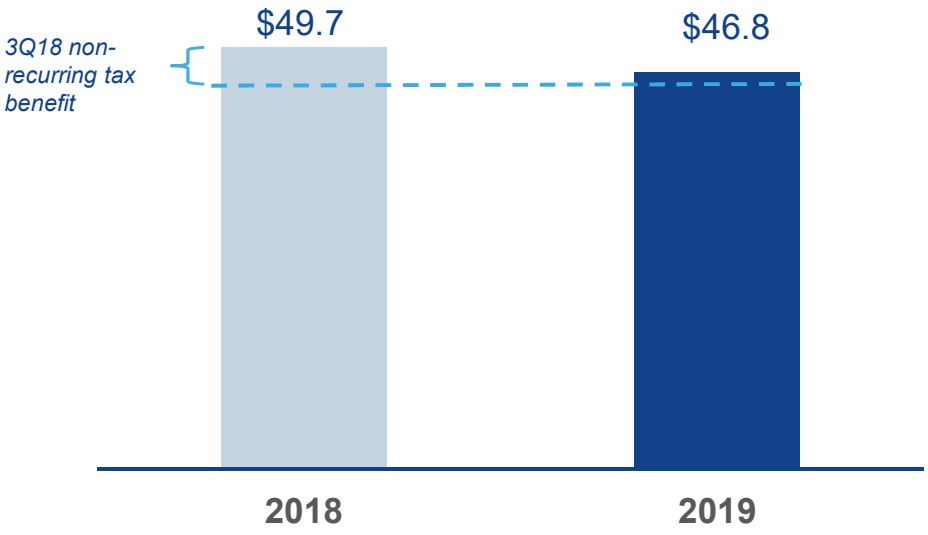
1 Megawatts exclude BESS portion of Solar+BESS projects, which are tracked in megawatt-hours rather than megawatts. .

2 Excludes RFP Stage 2.

3 Puna Geothermal Venture ("PGV") was damaged by lava flows in 2018; timing for its return to service is currently uncertain. 50% RPS by 2022 assumes both PGV and Hu Honua are placed in service.

Q3 2019 utility financial highlights
($ in millions)

UTILITY NET INCOME

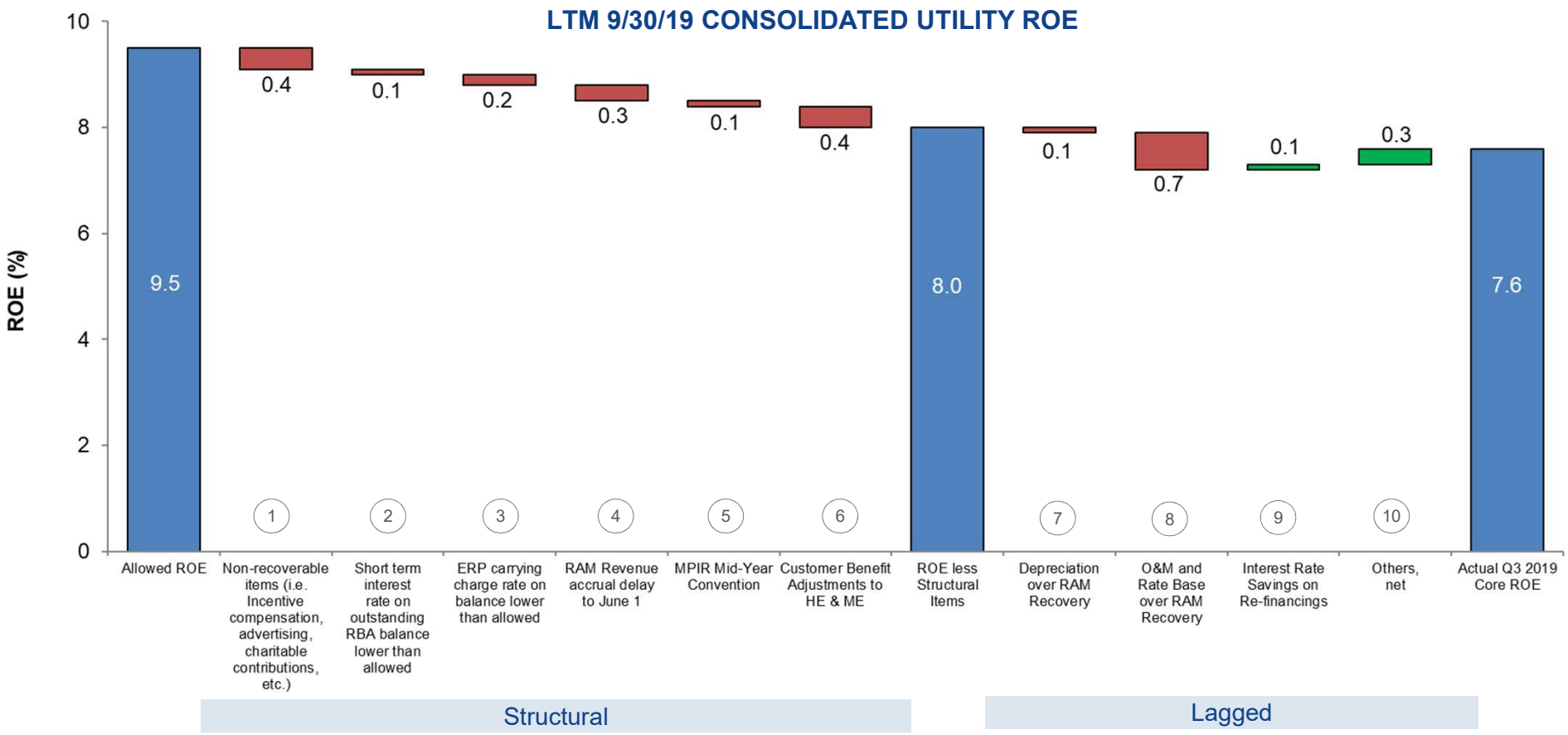


Key utility earnings drivers, after-tax fav/(unfav)	3Q19 vs 3Q18
New rates (Maui Electric) and RAM revenues	6
MPIR revenues	2
Higher AFUDC and lower interest	2
Pole attachment fees	1
Operations and maintenance (O&M)[1]	(8)
Q3 2018 tax adjustments	(5)
Depreciation	(2)

Utility O&M expense, pre-tax fav/(unfav)	3Q19 vs 3Q18
Higher generation overhaul costs	(4)
Higher preventive/corrective expense for generating facilities	(2)
Reset of pension costs included in rates as part of rate case decisions	(1)
Higher vegetation management costs	(1)
Higher medical premium costs	(1)
Higher consulting services for grid modernization projects	(1)

1 Includes pension but excludes net income neutral items covered by a surcharge or third party.

Utility LTM ROE reflects triennial rate case transition



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**	

Regulatory evolution: Performance-based regulation (PBR)

Current Mechanisms	*Potential changes under PBR*
3-year rate case cycle Multi-year rate plans with interim adjustments	***5-year rate plan***
Sales decoupling Provides predictable revenue stream by fixing net revenues at level approved in last rate case (revenues not linked to kWh sales)	***stays in place***
Revenue adjustment mechanism (RAM) Annually adjusts revenue to recover general "inflation" of operations and maintenance expenses and baseline plant additions between rate cases	***replaced with annual revenue adjustment***
Major Projects Interim Recovery adjustment mechanism (MPIR) Permits recovery of costs for major capital projects including but not restricted to projects to advance transformational efforts	***stays in place, with possible modifications***
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	***stay in place***
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	***stay in place***
Renewable energy infrastructure program Available for recovery of renewable energy infrastructure projects through a surcharge	***stays in place***
Performance incentive mechanisms Performance incentive mechanisms for reliability, customer call center and renewable procurement	***additional PIMs***

Phase 2 of PBR underway

Will determine financial impact of PBR as details are developed

- ✓ Extension of timeline to Dec. 2020 allows for thoughtful formulation of mechanisms
- ✓ Gradualism, utility financial integrity continue to be key principles
- ✓ Annual revenue adjustment mechanism has potential to eliminate lag in the current RAM
- ✓ New performance incentive mechanisms (PIMs) will supplement PIMs already in effect; PIMs will provide additional earnings opportunities
- ✓ Utility's initial proposal, filed August 14, offers preliminary ideas and encourages stakeholder discussion
- ✓ Constructive, collaborative process, with workshops to ensure common understanding among all key stakeholders

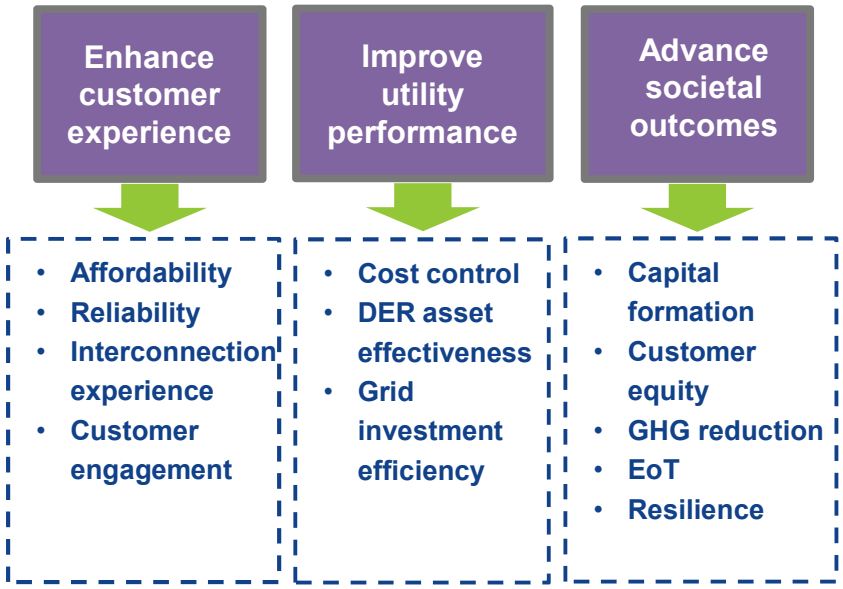
Phase 1 PBR D&O established conceptual framework

Conceptual framework established

Guiding principles

- **A customer-centric approach,** including immediate "day 1" savings
- **Administrative efficiency** to reduce regulatory burdens to the utility and stakeholders
- **Utility financial integrity** to maintain the utility's financial health, including access to low-cost capital

Goals and outcomes



Regulatory goals Priority outcomes

PBR structure

Revenue adjustment mechanisms

- ✓ **Maintain revenue decoupling and existing cost trackers**
- ✓ **5-year multi-year rate plan**
- ✓ **Annual formulaic revenue adjustment** (includes inflation and adjustments for productivity, unexpected costs outside utility's control, customer dividend)
- ✓ **Upside and downside earnings sharing mechanism**
- ✓ **Major Project Interim Recovery (MPIR)** maintained, but may be modified
- ✓ **Off-ramps** to provide for review of PBR mechanisms

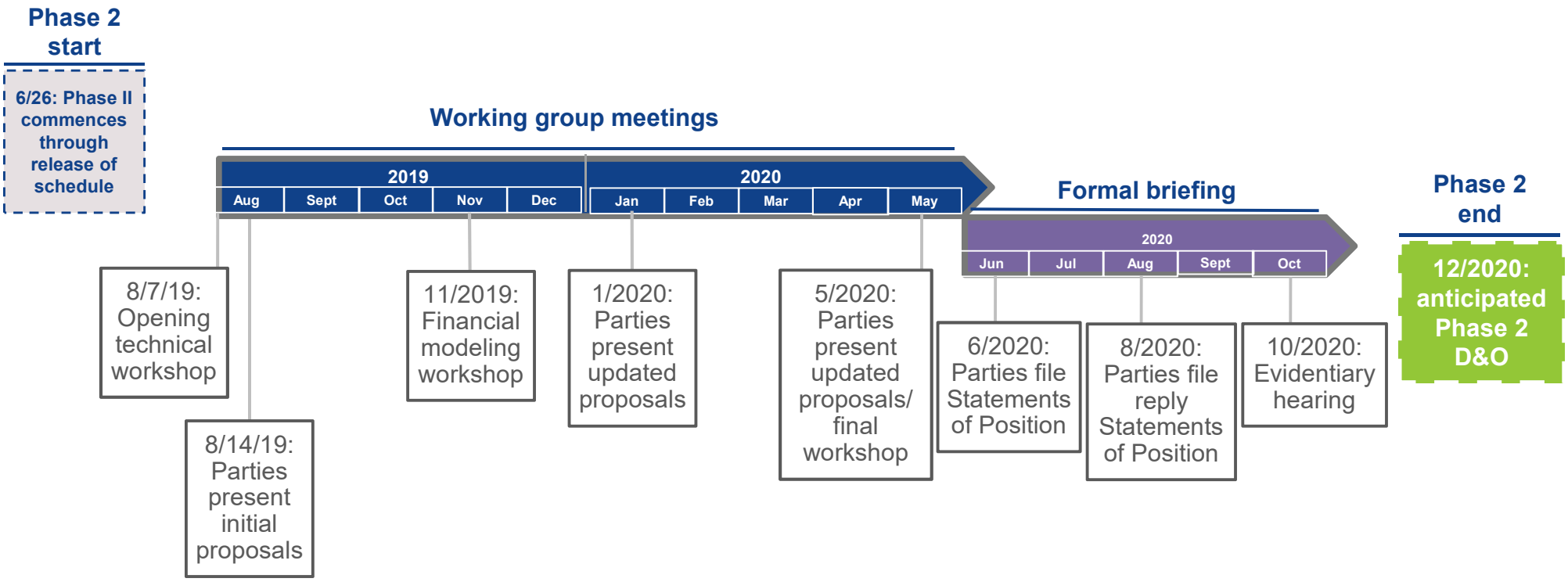
Performance mechanisms

- ✓ **New Performance incentive mechanisms** to drive achievement on Interconnection Experience; Customer Engagement; and DER Asset Effectiveness
- ✓ **Shared savings mechanisms** to drive achievement on Grid Investment Efficiency and Cost Control, mitigation of capex bias, and cost effective solutions for customers
- ✓ **New scorecards and reporting metrics** to track progress/highlight performance across a variety of PBR outcomes

PBR—Phase 2 schedule

Continues collaborative approach from Phase 1

- Measured timeline shows PUC's commitment to gradualism in implementing PBR
- Collaborative format is focused on creating a thoughtful process that minimizes risk of unintended consequences



PBR initial utility proposal

Filed August 14: offers ideas and encourages stakeholder discussion

KEY ASPECTS OF UTILITY'S INITIAL PROPOSAL

Multi-year rate plan (MRP) and rate cases

- 5-year rate period (provided an adequate Annual Revenue Adjustment formula and modified MPIR mechanism are approved).
- Initial base rates set in next rate cases: HELCO 2019, HECO 2020, MECO 2021 test years
- New MRP in place in time for HELCO and HECO first Adjusted Revenue Target to be effective 1/1/2021
- ARA would be filed in time for Adjusted Revenue Target to be effective Jan. 1 of each adjustment year, eliminating regulatory lag in the current RAM
- Utility would file a consolidated rate case (all three utilities) based on a 2025 test year, as early as May 1, 2024

Cost of capital

- Cost of capital determined in separate consolidated proceeding, and adjusted in between each proceeding. A Cost of Capital (CoC) Factor would be included in the target revenue adjustment formula or the Z-factor
- CoC factor would be determined using a new CoC Adjustment Mechanism, which would be used to periodically determine the CoC used in establishing the revenue requirement in rate cases, and the revenue requirement impact of capital projects

Adjustment mechanisms

- MPIR modified to allow recovery on full investment amount in rate base in year project goes into service
- Decoupling, existing cost trackers, and existing pass-through mechanisms would continue to operate
- Symmetric earnings sharing mechanism, with return on common equity used in the ESM determined on a ratemaking basis

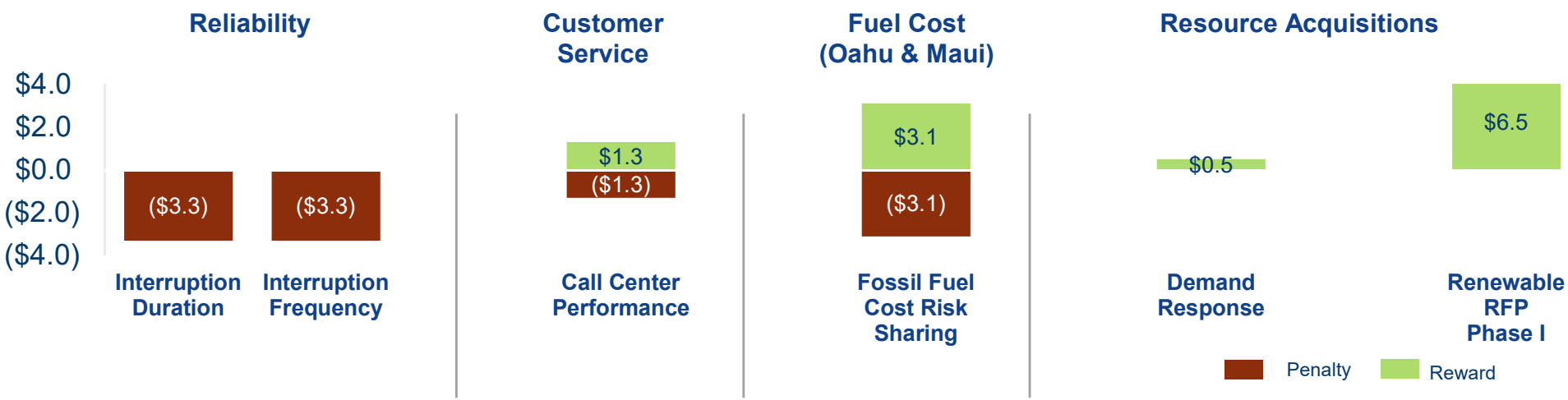
Annual Revenue Adjustment (ARA) formula

ARA = Inflation factor − X factor + Z factor − Customer dividend

Inflation factor	X factor	Z factor	Customer dividend
Based on GDPPI, with the difference between GDPPI and actual cost inflation accounted for in the "X" factor	*Initially proposing a value of -1.41%, reflecting industry productivity trend and an inflation differential between GDPPI and industry*	*Would account for exceptional circumstances not in the utility's direct control (e.g., tax law changes)*	*Not supportive of a customer dividend, but if it must be adopted, initially proposing a value of 0.22%*

Performance Incentive Mechanisms (PIMs)

CURRENT PIMs[1] ($ in millions)



PIMS APPROVED BY PUC IN APRIL 2017 FOR ALL THREE COMPANIES[3]

- **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
- **The PUC will consider additional PIMs in Performance Based Regulation (PBR) docket**

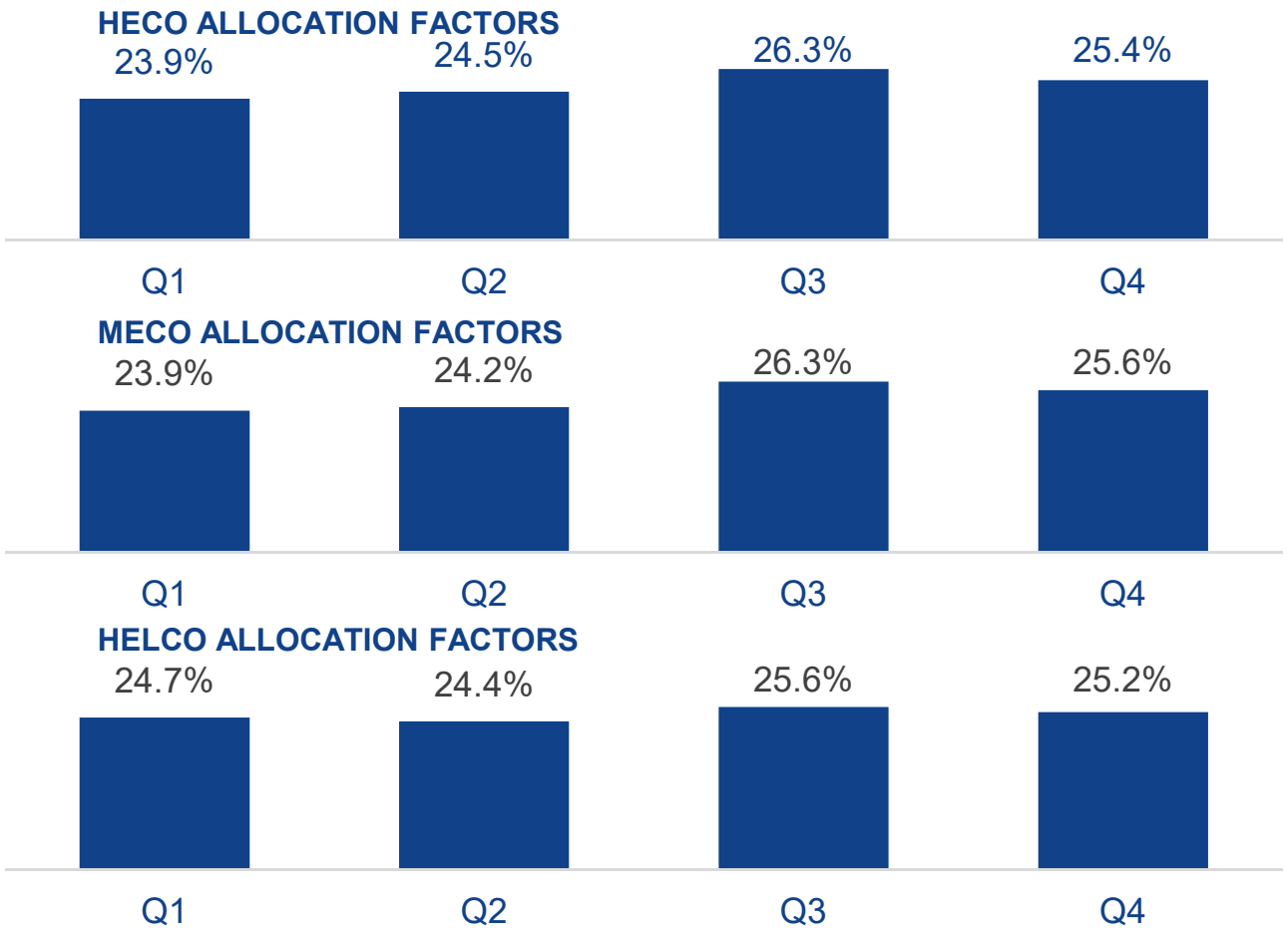
- **Stage 1 Renewable RFP (capped at $6.5 million)**
  - For each PPA submitted for approval prior to 12/31/18, incentive is based on 80% customer/20% utility split of savings, compared to benchmark of 11.5 cents/kWh for renewable + storage and 9.5 cents/kWh for renewable energy only projects
  - Accrued first half of PIMs in 1Q19, second tranche to be accrued one year after projects placed in service
- **Stage 2 Renewable RFP (capped at $10 million)**
  - For renewable energy & renewable + storage PPAs: Same 80/20 split for PPAs submitted by 9/15/20, vs benchmarks of 9.0 cents/kWh for renewable + storage and 5.5 cents/kWh for renewable energy only.
  - For grid services and standalone storage: Same 80/20 split for standalone storage PPAs submitted by 9/15/20 and grid services contracts submitted by 5/9/20, compared to benchmarks TBD.

1 Apply to all companies, except for fossil fuel cost risk sharing, which currently applies to Hawaiian Electric and Maui Electric only. A D&O on Hawai'i Electric Light's proposed fossil fuel cost risk sharing is pending.
2 In addition to the PIMs described here, the PUC has established a Heat Rate incentive mechanism designed to incentivize efficient operation of units (and penalize inefficient operation of units). The 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 any penalty for failure to achieve the RPS targets for events/circumstances outside the company's control.
3 In May 2019 the Companies filed an application to modify certain PIM provisions, including the exclusion of scheduled maintenance interruptions from performance for the SAIDI and SAIFI PIMs.

Revenue timing

Target revenues are allocated monthly, more weighting in second half of year

- Annual target revenues for each utility are accrued according to allocation factors specified in each rate case
- Allocation factors are based on megawatt-hour sales forecasts from each utility's most recent rate case
- Sales tend to be greater in the second half of the year, so target revenue factors are larger in Q3/Q4



Hawaiian Electric 2020 rate case status

Hawaii PUC docket no. 2019-0085

	Final D&O (2017 test year) (6/22/18) (eff. 9/1/18)	Application (2020 Test Year) (8/21/19)
Amount requested	Commission approves Parties' Stipulated Settlement Agreements filed on November 15, 2017 and March 5, 2018.	$77.6 million (4.1% increase over revenues at current effective rates)
Deprec. & amort. expenses	$123.5M	$137.1
Return on average common equity	9.5% with mechanisms	10.5% with mechanisms
Common equity capitalization (%)	57.10%	57.15%
Return on rate base	7.57%	7.97%
Average rate base	$1,993M	$2,477M
GWh sales	6,660.2	6,474.5

Rate case assumes existing Balancing Accounts, Trackers and/or Surcharges: Decoupling Revenue Balancing Account (RBA)/ Rate Adjustment Mechanism (RAM); Energy Cost Recovery Clause (ECRC); Purchase Power Adjustment Clause (PPAC); Pension/OPEB Tracking Mechanisms; Renewable Energy Infrastructure Program ("REIP") Surcharge and the Major Project Interim Recovery ("MPIR") mechanism.

Hawaii Electric Light 2019 rate case updates

Hawaii PUC docket no. 2018-0368

	Application (2019 Test Year) (12/14/18)[1]	Partial Settlement (9/24/19)[3, 4]	
		(Hawaii Electric Light's position)	(for interim rate relief purposes)[5]
Amount requested	$13.4M (3.4% increase over revenues at current effective rates)[2]	$7.1M (1.8% increase over revenues at current effective rates)[2]	$2.8M (0.7% increase over revenues at current effective rates)[2]
Deprec. & amort. expenses	$38.0M	$36.6M	$36.6M
Return on average common equity	10.50% with mechanisms	10.50% with mechanisms	9.5% with mechanisms
Common equity capitalization (%)	56.91%	56.83%	56.83%
Return on rate base	8.30%	8.09%	7.52%
Average rate base	$536.9M	$533.8M	$533.9M
GWh sales	1,061.7	1,061.7	1,061.7

Rate case assumes existing Balancing Accounts, Trackers and/or Surcharges: Decoupling Revenue Balancing Account (RBA)/ Rate Adjustment Mechanism (RAM); Energy Cost Recovery Clause (ECRC); Purchase Power Adjustment Clause (PPAC); Pension/OPEB Tracking Mechanisms; Renewable Energy Infrastructure Program ("REIP") Surcharge and the Major Project Interim Recovery ("MPIR") mechanism.

1 Includes Hu Honua in the 2019 test year.

2 Revenues at current effective rates include revenues based on the final rates approved in Hawaii Electric Light's 2016 test year rate case, revenues from the ECRC, PPAC, RAM Revenue Adjustment (based on the estimated 2019 RAM period), RBA Provision (that would flow into the RBA in the 2019 test year primarily due to increases or decreases in electric sales since the 2016 test year) and other operating revenues.

3 Excluding Hu Honua from the 2019 test year.

4 In the Stipulated Partial Settlement Agreement, the Parties settled on all issues in this proceeding, except for ROE, capital structure, amortization period of state ITC, and symmetric or asymmetric automatic annual target heat rate adjustment.

5 For interim rate relief purposes, the Company's proposed revenue requirement and interim increase based on an ROE of 9.50%, resulting ROR of 7.52% and 40-year amortization period for state ITC.

Maui Electric rate case: 2018 test year

Hawaii PUC docket no. 2017-0150

	Application (10/12/17)	Adjustment for Tax Reform (2/26/18)	June 2018 Settlement Approved New Depreciation Rates	Interim D&O (8/9/18) (eff. 8/23/18)	Order Approving Parties' Joint Proposed Final Rates and Refund Plan (5/16/19) (eff. 6/1/19)
Amount requested	$30.1M (9.3% increase over revenues at current effective rates) [1]	$21.2M (6.5% increase over revenues at current effective rates) Lower tax rate results in reduced requirements	$12.5M (3.8% increase over revenues at current effective rates)	$12.5M (3.8% increase over revenues at current effective rates)	$12.2M (3.7% increase over revenues at current effective rates) [2]
Deprec. & amort. expenses	$24.6M	$23.9M	$29.6M	$29.6M	$29.6M
Return on average common equity	10.60% with mechanisms	10.60% with mechanisms	9.50% with mechanisms	9.50% with mechanisms	9.50% with mechanisms
Common equity capitalization (%)	56.94%	56.94%	57.02%	57.02%	57.02%
Return on rate base	8.05%	8.05%	7.43%	7.43%	7.43%
Average rate base	$473.3M	$482.4M	$462.4M	$462.4M	$454.3M
GWh sales	1,047.0	1,047.0	1,073.2	1,073.2	1,073.2

Rate case assumes existing Balancing Accounts, Trackers and/or Surcharges: Decoupling Revenue Balancing Account (RBA)/ Rate Adjustment Mechanism (RAM); Energy Cost Adjustment Clause (ECAC), Purchase Power Adjustment Clause (PPAC), Pension/OPEB Tracking Mechanisms; Renewable Energy Infrastructure Program ("REIP") Surcharge and the Major Project Interim Recovery ("MPIR") mechanism.

1 Revenues at current effective rates include revenues based on final rates approved in Maui Electric's 2012 test year rate case and revenues from the ECAC, PPAC, RAM Revenue Adjustment (based on the 2018 RAM period), RBA Provision (that would flow into RBA in 2018 test year primarily due to increases or decreases in electric sales since 2012 test year) and other operating revenues.

2 Approximately $0.5 million was refunded to customers through temporary surcredit from June 1, 2019 to June 30, 2019.

Major project interim recovery (MPIR) mechanism

Hawaii PUC Docket No. 2013-0141

MPIR adjustment mechanism established by PUC April 2017

- Allows recovery for eligible major projects in between rate cases through the revenue balancing account (RBA) rate adjustment
- Request for MPIR recovery to be included in application for project approval
- Accrual of revenues commences upon certification of project in-service date
  - ½ of project's costs included in basis for determining return on investment and associated taxes during year project goes into service
  - On January 1 of the year after project is placed in service, may commence accrual of return and associated taxes on full amount of plant invested, depreciation and associated taxes
- "Eligible Projects" defined in MPIR Guidelines include, but not limited to:
  - Infrastructure to connect renewable energy projects
  - Projects that make it possible to accept more renewable energy
  - Projects that encourage clean energy choices and/or customer control to shift or conserve energy use
  - Projects implementing PUC approved or accepted plans, initiatives and programs
  - Utility scale renewable generation
  - Grid modernization projects
- Routine replacements, relocations, restorations of existing facilities or business as usual projects not eligible
- Recovery offset by known and measurable net savings or benefits of project

Schofield Generating Station project

- Capital cost recovery approved June 2018
- Net O&M cost recovery approved Dec. 2018, with accrual commencing Oct. 1, 2018

Grid Modernization Strategy (GMS) Phase 1 project

- PUC approved proposed MPIR recovery methods, subject to certain conditions

West Loch PV project

- PUC has affirmed its intention to approve MPIR recovery for this project

Advanced Distribution Management System project

- Filed application Sept. 30, 2019 requesting MPIR recovery of the ADMS component of GMS Phase 2

Fossil fuel cost risk sharing

Approved for Hawaiian Electric and Maui Electric; included in Hawai‘i Electric Light 2019 test year settlement

- Hawaiian Electric: Final D&O in 2017 rate case established fossil fuel cost risk sharing mechanism as part of Energy Cost Recovery Clause
  - Symmetrical mechanism, with utility annual upside / downside capped at $2.5 million
  - Variations in fossil fuel price above or below baseline price shared 98% customers / 2% utility
  - Applies to utility fossil fuel generation (not IPP generation or non-fossil fuels) and includes fuel efficiency impacts
  - Effective Jan. 1, 2019
  - Baseline price for Hawaiian Electric: Jan. fuel prices of each year for each fossil fuel type

January 2019 fuel price: $83.76/bbl

- Maui Electric: Final D&O in 2018 rate case established fossil fuel cost risk sharing mechanism
  - Features similar to those at Hawaiian Electric
  - Utility annual upside / downside capped at $633k (2019 prorated based on calendar days remaining in year from effective date)
  - Effective Sept. 1, 2019 (baseline for remainder of 2019 is based on Sept. fuel prices)

Maui September 2019 fuel prices: IFO: $58.51/bbl Diesel: $92.69/bbl

- Hawai‘i Electric Light: In stipulated partial settlement in 2019 rate case, parties agreed to implement fossil fuel cost risk sharing with the following elements:
  - Features similar to those at Hawaiian Electric
  - Utility annual upside / downside capped at $600k annually
  - Proposed to be effective at the time of implementation of final rates

Next phase of long-range planning underway

Integrated Grid Planning (IGP) in initial stages

- Integrated approach:
  - Combines **planning and procurement** (versus just planning)
  - Evaluates system needs for **generation, transmission and distribution, resilience and other services**
  - Considers all alternatives (traditional and non-traditional—e.g., non-wires)
- Goal: Find best-fit, least cost options to meet customer needs while maintaining system reliability, resilience
- How it's different: Traditional planning approaches conduct resource and T&D planning separately, potentially missing benefits spanning across multiple parts of the electric system and missing solutions such as non-wires alternatives that address multiple resource, T&D needs
- **Process includes extensive stakeholder involvement**
- Initial plan to be filed summer 2021

IGP to replace PSIP as key planning tool; will provide more integrated approach to meet Hawaii's 100% renewable goal

Grid modernization strategy update

Hawaii PUC Docket Nos. 2017-0226, 2018-0141

- In February 2018 the PUC approved and directed the Companies to implement the Grid Modernization Strategy with project applications to follow
- Customer and stakeholder engagement used to define grid modernization goals; engagement to continue as implementation applications developed
- Enables grid to interconnect distributed energy resources (DER) levels consistent with the accepted PSIP
- Provides customer choice through customer energy options (DER, demand response, time-of-use rates, etc.) and customer portal
- Uses new technologies to increase utilization of DER while improving reliability and resiliency of the grid
- $205 million in upgrades and enhancements to the grid included in capex forecast
- Phase 1 implementation approved March 2019; $86 million total in 2019-2023; cost recovery through MPIR, subject to certain conditions, including fixed and variable cost caps, which “allow cost recovery for faster and broader deployment of advanced meters than the Companies propose in the Application, and the Companies should consider doing so”
- On Sept. 30, 2019, utility filed application for approval of the Advanced Distribution Management System (ADMS) component ($46 million over four years) of Phase 2 of implementation

Electrification of transportation (EoT) strategic roadmap

Hawaii PUC docket no. 2018-0135

- Proposes role of utility, identifies partners to increase adoption of electric vehicles (EV) and other electrification activities
- Customer and stakeholder engagement used to develop plans; engagement and partnership development to continue
- Initiatives include:
  - Increasing EV adoption by helping lower cost and educating consumers
  - Accelerating buildout of charging infrastructure
  - Supporting electrification of buses and other heavy equipment
  - Incentivizing charging at times that align with grid needs and save customers money
- EoT expansion assists with integration of renewable energy to help meet state's 100% RPS goal, enhances Hawaii's energy security, reduces greenhouse gas emissions, and provides long-term value and benefits to all customers
- Recent developments:
  - Implemented electric bus tariff to support early electric bus fleet conversions
  - Approval for Maui Electric to defer costs related to assuming ownership of, operating and maintaining certain DC fast charging stations on Maui
  - July 2019 filing of planning methodology for Electric Vehicle Critical Backbone Study
  - Filed near-term workplan to implement EoT Roadmap Oct. 2019, with a focus on EV rate design and charging infrastructure

Distributed energy resources (DER)

Hawaii PUC Docket No. 2019-0323

Current programs:

- Smart Export: Intended for customers installing rooftop PV combined with battery energy storage
  - Customers may export energy between 4pm – 9am for credit, but are not credited for energy exported during daytime hours.
- CGS+: Intended for customers installing rooftop PV only (no storage required)
  - Customers can export energy to the grid during daytime for credit, but are required to utilize advanced equipment allowing utility to control system to maintain grid stability in a system emergency
  - Controllability can be accomplished through a second meter installed by the Companies ("Utility Option") or through a third-party aggregator ("Aggregator Option")
- NEM Plus for existing Net Energy Metering (NEM) customers to add non-exporting systems to their current systems, and still remain NEM customers

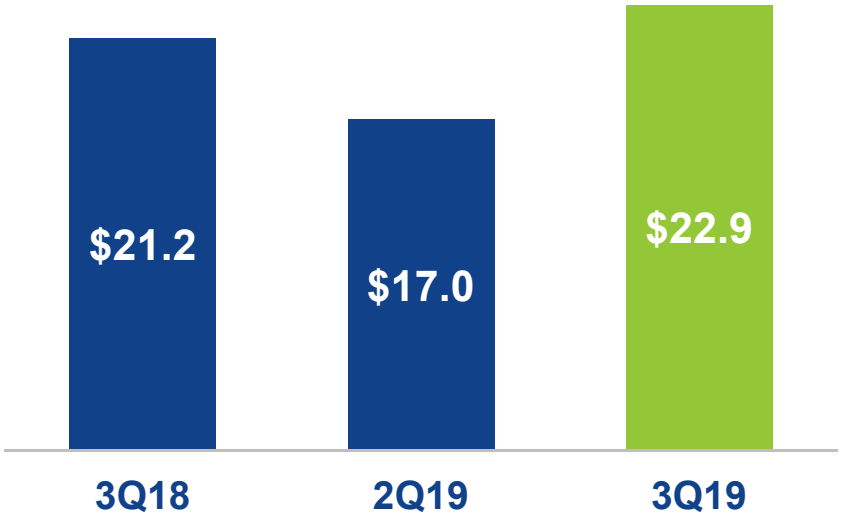
Recent developments:

- In Q3 2019, the Commission closed DER (2014-0192) and DR (2015-0412) dockets, opened new combined docket (2019-0323)

Q3 2019 bank performance

- ✓ Continued execution in recent low interest rate environment, growing net income and maintaining net interest margin
- ✓ Best-in-class funding costs help maintain margins above peers
- ✓ Conservative growth strategy focused on prudent credit quality management while expanding loan portfolio

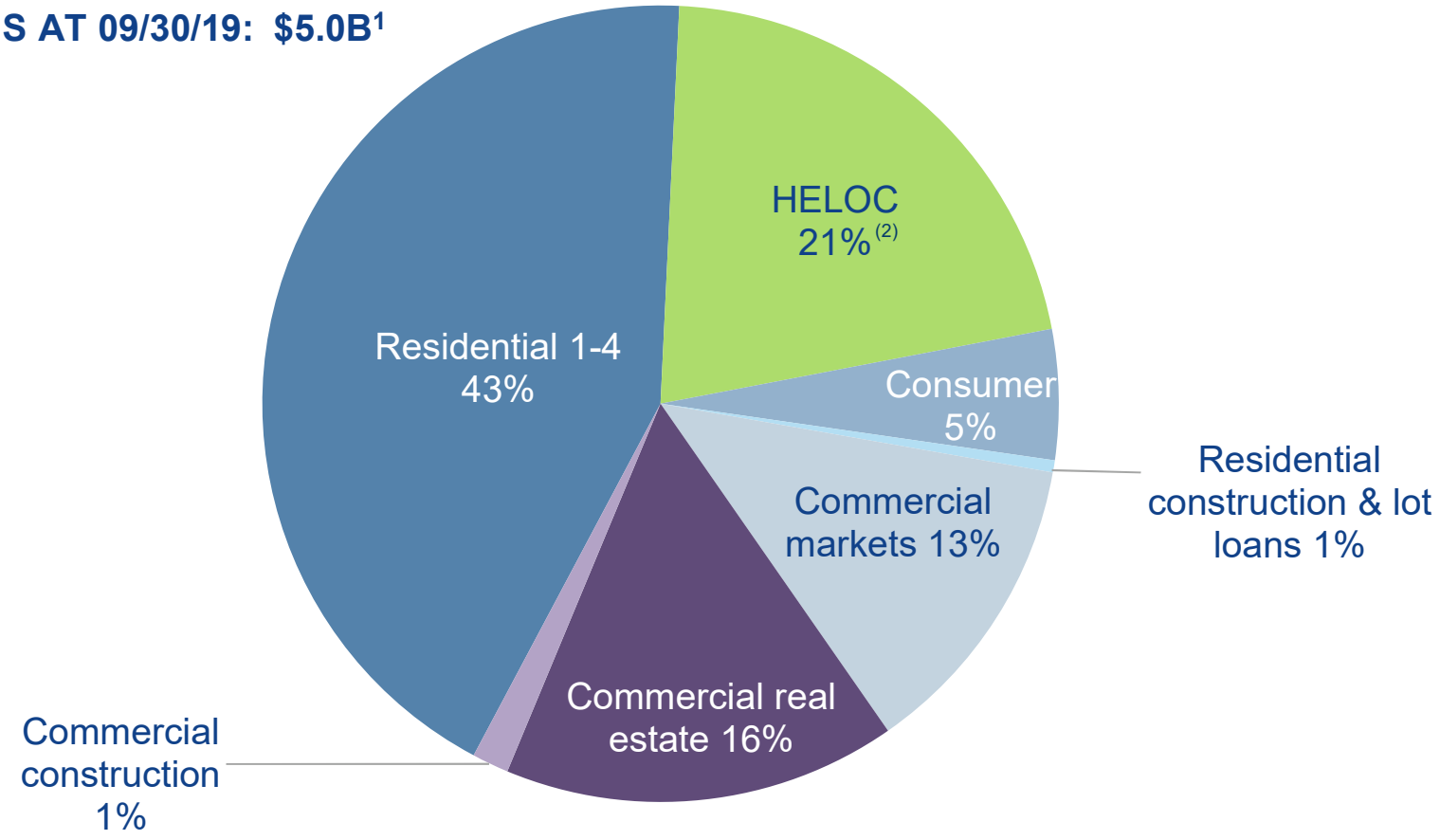
BANK NET INCOME
($ IN MILLIONS)



Key bank earnings drivers, after-tax fav/(unfav)	3Q19 vs 2Q19	3Q19 vs 3Q18
Net interest income	-	1
Provision for loan losses	3	2
Noninterest income	1	1
Noninterest expense	2	(2)

Low-risk loan mix

TOTAL LOANS AT 09/30/19: $5.0B[1]



1 Before deferred fees, discounts and allowance for loan losses.

2019 ASB peer group

1st Source Corporation	SRCE	First Busey Corporation	BUSE	OFG Bancorp	OFG
Ameris Bancorp	ABCB	First Commonwealth Financial Corporation	FCF	Oritani Financial Corp.	ORIT
Axos Financial, Inc.	AX	First Financial Bankshares, Inc.	FFIN	Pacific Premier Bancorp, Inc.	PPBI
BancFirst Corporation	BANF	First Foundation Inc.	FFWM	Park National Corporation	PRK
Bancorp, Inc.	TBBK	First Merchants Corporation	FRME	Peapack-Gladstone Financial Corporation	PGC
Bridge Bancorp, Inc.	BDGE	Flushing Financial Corporation	FFIC	QCR Holdings, Inc.	QCRH
Brookline Bancorp, Inc.	BRKL	Great Southern Bancorp, Inc.	GSBC	Republic Bancorp, Inc.	RBCA.A
Bryn Mawr Bank Corporation	BMTC	Hanmi Financial Corporation	HAFC	S&T Bancorp, Inc.	STBA
Camden National Corporation	CAC	Heritage Financial Corporation	HFWA	Sandy Spring Bancorp, Inc.	SASR
CenterState Bank Corporation	CSFL	HomeStreet, Inc.	HMST	Seacoast Banking Corporation of Florida	SBCF
Central Pacific Financial Corp.	CPF	Independent Bank Corp.	INDB	ServisFirst Bancshares, Inc.	SFBS
Century Bancorp, Inc.	CNBK.A	Independent Bank Group, Inc.	IBTX	Southside Bancshares, Inc.	SBSI
City Holding Company	CHCO	Kearny Financial Corp.	KRNY	Tompkins Financial Corporation	TMP
Community Trust Bancorp, Inc.	CTBI	Lakeland Bancorp, Inc.	LBAI	TriCo Bancshares	TCBK
ConnectOne Bancorp, Inc.	CNOB	Lakeland Financial Corporation	LKFN	TrustCo Bank Corp NY	TRST
Dime Community Bancshares, Inc.	DCOM	LegacyTexas Financial Group, Inc.	LTXB	United Financial Bancorp, Inc.	UBNK
Eagle Bancorp, Inc.	EGBN	Meridian Bancorp, Inc.	EBSB	Univest Financial Corporation	UVSP
Enterprise Financial Services Corp	EFSC	Meta Financial Group, Inc.	CASH	W.T.B. Financial Corporation	WTBF.B
Fidelity Southern Corporation	LION	National Bank Holdings Corporation	NBHC	Washington Trust Bancorp, Inc.	WASH
Financial Institutions, Inc.	FISI	Northfield Bancorp, Inc.	NFBK	Westamerica Bancorporation	WABC
First Bancorp	FBNC	OceanFirst Financial Corp.	OCFC	WSFS Financial Corporation	WSFS

Note: Based on publicly traded banks, savings and thrifts in the U.S. that have total average assets between $4 billion and $9 billion for the years 2016-2018 (based upon data available in SNL as of March 13, 2019). Any institution whose business is not directly comparable with ASB or did not have data present for all 3 years was excluded. The peer group is updated annually and banks that no longer report as a separate entity (e.g. mergers, acquisitions, failed banks, etc.) are not included in the median calculations from the time of the transaction or failure.

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 future Federal government shutdowns, 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 regulatory changes advanced or proposed by President Trump and his administration;
- weather, natural disasters (e.g., hurricanes, earthquakes, tsunamis, lightning strikes, lava flows and the increasing 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; and the risks inherent in changes in the value of the Company's pension liabilities, including changes driven by interest rates;
- changes in laws, regulations (including tax regulations), market conditions, interest rates 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 kilowatthour sales;
- the ability of the Utilities to recover increasing costs and earn a reasonable return on capital investments not covered by RAMs;
- 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 performance-based regulation (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;
- cybersecurity 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 to achieve cost savings consistent with the minimum $246 million in ERP/EAM project-related benefits (including $150 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 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;
- the adoption of FASB ASU No. 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" in 2020, which may require an increase in the allowance for loan losses, as well as the volatility in the level of the allowance for loans losses;
- 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 (Pacific Current), 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;
- the impact of activism that could delay the construction, or preclude the completion, of third-party or Utility projects that are required to meet electricity demand and RPS goals; and
- other risks or uncertainties described elsewhere in this report and in other reports (e.g., "Item 1A. Risk Factors" in the Company's Annual Report on Form 10-K) 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.

EXPLANATION OF HEI'S USE OF CERTAIN UNAUDITED NON-GAAP MEASURES

HEI and Hawaiian Electric Company management use certain non-GAAP measures, which exclude certain items that are not reflective of ongoing operations or that are not expected to reoccur, to evaluate the performance of HEI and the utility. Management believes these non-GAAP measures provide useful supplemental information and are a better indicator of the companies' core operating activities. Core earnings and other financial measures as presented below 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 non-executive 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) ROACE in order to provide better comparability of 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[1] TO NON-GAAP MEASURES

Hawaiian Electric Industries, Inc. and Subsidiaries (HEI)

Unaudited

($ in millions)	Twelve months ended Sept 30 2019	2018
HEI CONSOLIDATED NET INCOME		
GAAP (as reported)	**$ 201.2**	**$ 184.6**
Excluding special items (after-tax):		
One-time non-executive bank employee bonus related to federal tax reform	—	0.7
Federal tax reform impacts[2]	—	13.4
Non-GAAP (core) net income	**$ 201.2**	**$ 198.7**
HEI CONSOLIDATED AVERAGE COMMON EQUITY	**$ 2,187.4**	**$ 2,117.5**
HEI CONSOLIDATED RETURN ON AVERAGE COMMON EQUITY (ROACE) (simple average)		
Based on GAAP	**9.2%**	**8.7%**
Based on non-GAAP (core)[3]	**9.2%**	**9.4%**

Note: Columns may not foot due to rounding

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

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

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

RECONCILIATION OF GAAP[1] TO NON-GAAP MEASURES

Hawaiian Electric Company, Inc. (Hawaiian Electric) and Subsidiaries

Unaudited

($ in millions)	Twelve months ended Sept 30 2019	2018
HAWAIIAN ELECTRIC CONSOLIDATED NET INCOME		
GAAP (as reported)	**$ 146.8**	**$ 133.7**
Excluding special items (after-tax):		
Federal tax reform impacts[2]	—	9.2
Non-GAAP (core) net income	**$ 146.8**	**$ 142.9**
HAWAIIAN ELECTRIC CONSOLIDATED AVERAGE COMMON EQUITY	**$ 1,934.7**	**$ 1,852.7**
HAWAIIAN ELECTRIC CONSOLIDATED RETURN ON AVERAGE COMMON EQUITY (ROACE) (simple average)		
Based on GAAP	**7.6%**	**7.2%**
Based on non-GAAP (core)[3]	**7.6%**	**7.7%**

($ in millions)	Three months ended September 30, 2019	2018	Nine months ended September 30, 2019	2018
HAWAIIAN ELECTRIC CONSOLIDATED OTHER OPERATION AND MAINTENANCE (O&M) EXPENSE				
GAAP (as reported)	**$ 124.4**	**$ 113.6**	**$ 361.8**	**$ 333.8**
Excluding other O&M-related net income neutral items[4]	0.4	2.0	0.5	0.7
Non-GAAP (Adjusted other O&M expense)	**$ 124.0**	**$ 113.6**	**$ 361.3**	**$ 333.8**

Note: Columns may not foot due to rounding

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

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

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

[4] Expenses covered by surcharges or by third parties recorded in revenues



Corporate Headquarters

Hawaiian Electric Industries, Inc.
1001 Bishop Street, Suite 2900
Honolulu, Hawaii 96813
Telephone: 808-543-5662
Internet address: www.hei.com

Institutional Investor and Securities Analyst Inquiries

Please direct inquiries to:
Julie Smolinski
Director, Investor Relations & Strategic Planning
Telephone: 808-543-5874
Email: jsmolinski@hei.com