HAWAIIAN ELECTRIC NYSE-HE

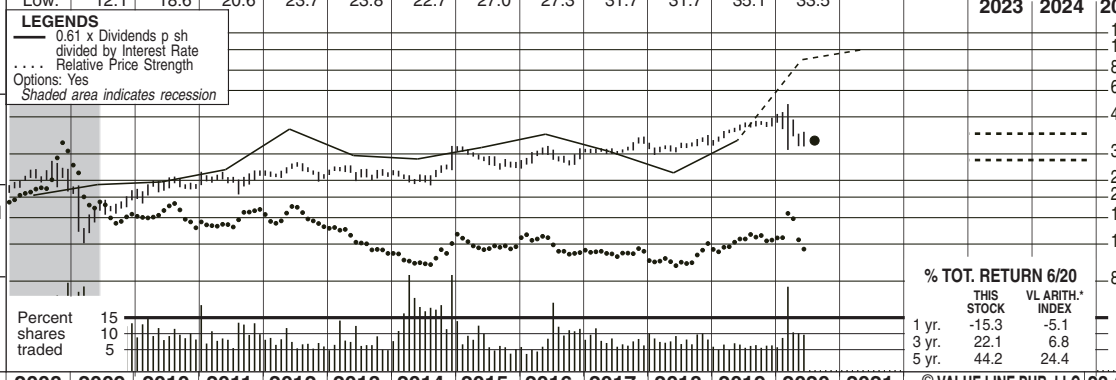
RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO	DIV'D YLD	
37.04	22.4	(Trailing: 19.6 Median: 18.0)	1.09	3.6%	VALUE LINE

TIMELINESS 3 Lowered 9/20/19
SAFETY 2 Raised 11/2/12
TECHNICAL 3 Lowered 6/19/20
BETA .80 (1.00 = Market)

High:	22.7	25.0	26.8	29.2	28.3	35.0	34.9	35.0	38.7	39.3	47.6	55.2
Low:	12.1	18.6	20.6	23.7	23.8	22.7	27.0	27.3	31.7	31.7	35.1	33.5

Target Price Range
2023 | 2024 | 2025

LEGENDS
— 0.61 x Dividends p sh divided by Interest Rate
.... Relative Price Strength
Options: Yes
Shaded area indicates recession



18-Month Target Price Range

Low-High	Midpoint (% to Mid)
$29-$68	$49 (30%)

2023-25 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	40	(+10%)	6%
Low	30	(-20%)	-1%

Institutional Decisions

	3Q2019	4Q2019	1Q2020
to Buy	120	143	121
to Sell	138	123	152
Hld's(000)	60314	59966	59896

% TOT. RETURN 6/20

	THIS STOCK	VL ARITH.* INDEX
1 yr.	-15.3	-5.1
3 yr.	22.1	6.8
5 yr.	44.2	24.4

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	© VALUE LINE PUB. LLC	23-25
23.85	27.36	30.21	30.40	35.56	24.96	28.14	33.76	34.46	31.98	31.59	24.22	21.92	23.49	26.28	26.38	*26.35*	*27.05*	Revenues per sh	*29.00*
3.09	3.22	3.19	3.01	2.72	2.59	2.88	3.18	3.28	3.22	3.41	3.31	4.17	3.68	4.20	4.55	*4.30*	*4.55*	"Cash Flow" per sh	*5.00*
1.36	1.46	1.33	1.11	1.07	.91	1.21	1.44	1.67	1.62	1.64	1.50	2.29	1.64	1.85	1.99	*1.65*	*1.80*	Earnings per sh A	*2.00*
1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.28	*1.32*	*1.32*	Div'd Decl'd per sh B ■	*1.40*
2.66	2.76	2.58	2.62	3.12	3.29	1.92	2.45	3.32	3.49	3.31	3.39	3.04	4.55	4.94	4.20	*4.10*	*4.30*	Cap'l Spending per sh	*4.50*
15.01	15.02	13.44	15.29	15.35	15.58	15.67	15.95	16.28	17.06	17.47	17.94	19.03	19.28	19.86	20.93	*21.45*	*22.10*	Book Value per sh C	*24.50*
80.69	80.98	81.46	83.43	90.52	92.52	94.69	96.04	97.93	101.26	102.57	107.46	108.58	108.79	108.88	108.97	*110.00*	*111.00*	Common Shs Outst'g D	*114.00*
19.2	18.3	20.3	21.6	23.2	19.8	18.6	17.1	15.8	16.2	15.9	20.4	13.6	20.7	18.9	21.3	*Bold figures are*		Avg Ann'l P/E Ratio	*18.5*
1.01	.97	1.10	1.15	1.40	1.32	1.18	1.07	1.01	.91	.84	1.03	.71	1.04	1.02	1.15	*Value Line*		Relative P/E Ratio	*1.05*
4.8%	4.6%	4.6%	5.2%	5.0%	6.9%	5.5%	5.0%	4.7%	4.7%	4.8%	4.1%	4.0%	3.7%	3.5%	3.0%	*estimates*		Avg Ann'l Div'd Yield	*3.8%*

CAPITAL STRUCTURE as of 3/31/20
Total Debt $2168.0 mill. **Due in 5 Yrs** $627.9 mill.
LT Debt $2054.1 mill. **LT Interest** $95.5 mill.
Incl. $50 mill. 6.5% oblig. pfd. sec. of trust subsid.
(LT interest earned: 3.7x)
Leases, Uncapitalized Annual rentals $12.0 mill.
Pension Assets-12/19 $1779.2 mill.
Oblig $2278.3 mill.
Pfd Stock $34.3 mill. **Pfd Div'd** $2.0 mill.
1,114,657 shs. 4¼% to 5¼%, $20 par. call. $20 to $21; 120,000 shs. 7⅝%, $100 par. call. $100.
Sinking fund ends 2018.
Common Stock 109,145,492 shs. **as of 4/24/20**
MARKET CAP: $4.0 billion (Mid Cap)

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021		23-25
2665.0	3242.3	3375.0	3238.5	3239.5	2603.0	2380.7	2555.6	2860.8	2874.6	*2900*	*3000*	Revenues ($mill)	*3300*
115.4	140.1	164.9	163.4	170.2	161.8	250.1	180.6	203.7	219.8	*185*	*205*	Net Profit ($mill)	*235*
37.0%	35.1%	35.9%	34.0%	35.0%	36.5%	33.1%	34.7%	20.0%	19.0%	*19.0%*	*19.0%*	Income Tax Rate	*19.0%*
7.4%	6.0%	6.9%	4.8%	5.5%	5.8%	4.6%	9.6%	7.7%	7.5%	*8.0%*	*8.0%*	AFUDC % to Net Profit	*8.0%*
44.5%	44.9%	45.7%	44.0%	45.2%	43.5%	41.6%	43.4%	47.5%	44.6%	*47.5%*	*46.5%*	Long-Term Debt Ratio	*48.0%*
54.3%	53.9%	53.1%	55.0%	53.8%	55.5%	57.5%	55.7%	51.7%	54.6%	*52.0%*	*53.0%*	Common Equity Ratio	*51.5%*
2732.9	2841.3	3001.0	3142.9	3332.3	3473.5	3595.1	3765.5	4182.3	4176.9	*4555*	*4650*	Total Capital ($mill)	*5425*
3165.9	3334.5	3594.8	3858.9	4148.8	4377.7	4603.5	5025.9	4830.1	5109.6	*5270*	*5440*	Net Plant ($mill)	*5950*
5.6%	6.2%	6.7%	6.4%	6.2%	5.7%	7.9%	5.8%	5.9%	6.3%	*5.0%*	*5.5%*	Return on Total Cap'l	*5.5%*
7.6%	8.9%	10.1%	9.3%	9.3%	8.2%	11.9%	8.5%	9.3%	9.5%	*7.5%*	*8.0%*	Return on Shr. Equity	*8.5%*
7.7%	9.0%	10.2%	9.4%	9.4%	8.3%	12.0%	8.5%	9.3%	9.6%	*8.0%*	*8.0%*	Return on Com Equity E	*8.5%*
1.4%	2.1%	4.2%	3.7%	2.3%	1.5%	6.3%	2.1%	3.1%	3.4%	*1.5%*	*2.5%*	Retained to Com Eq	*2.5%*
82%	78%	59%	61%	75%	83%	48%	76%	67%	64%	*79%*	*73%*	All Div'ds to Net Prof F	*68%*

ELECTRIC OPERATING STATISTICS

	2017	2018	2019
% Change Retail Sales (KWH)	-1.8	- -	+.6
Avg. Indust. Use (MWH)	5193	5067	5225
Avg. Indust. Revs. per KWH (¢)	22.56	25.76	25.52
Capacity at Yearend (Mw)	2224	2256	2254
Peak Load, Winter (Mw)	1584	1598	1601
Annual Load Factor (%)	65.8	65.0	65.2
% Change Customers (yr-end)	+.4	+.2	+.5
Fixed Charge Cov. (%)	409	361	368

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '17-'19 to '23-'25
Revenues	-2.0%	-5.0%	*2.0%*
"Cash Flow"	4.0%	4.5%	*3.0%*
Earnings	6.0%	2.0%	*1.5%*
Dividends	- -	- -	*2.0%*
Book Value	2.5%	3.5%	*3.5%*

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2017	591.5	632.3	673.2	658.6	2555.6
2018	645.9	685.3	768.0	761.6	2860.8
2019	661.6	715.5	771.5	726.0	2874.6
2020	677.2	*697.8*	*775*	*750*	*2900*
2021	*675*	*750*	*800*	*775*	*3000*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2017	.31	.36	.55	.42	1.64
2018	.37	.42	.60	.45	1.85
2019	.42	.39	.58	.61	1.99
2020	.31	*.34*	*.55*	*.45*	*1.65*
2021	*.39*	*.40*	*.56*	*.45*	*1.80*

Cal-endar	QUARTERLY DIVIDENDS PAID B ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2016	.31	.31	.31	.31	1.24
2017	.31	.31	.31	.31	1.24
2018	.31	.31	.31	.31	1.24
2019	.32	.32	.32	.32	1.28
2020	.33	.33			

BUSINESS: Hawaiian Electric Industries, Inc. is the parent company of Hawaiian Electric Company, Inc. (HECO), American Savings Bank (ASB), and Pacific Current. HECO & its subs., Maui Electric Co. (MECO) & Hawaii Electric Light Co. (HELCO), supply electricity to 465,000 customers on O'ahu, Maui, Molokai, Lanai, & Hawaii. Operating companies' systems are not interconnected. Elec. rev. breakdown: residential, 31%; commercial, 33%; lg. light & power, 35%; other, 1%. Generating sources: oil, 54%; purch., 46%. Fuel costs: 47% of revs. '19 reported deprec. rate (utility): 3.2%. Has 3,800 employees. Chairman: Tom Fargo. President & CEO: Constance H. Lau. Inc.: HI. Address: 1001 Bishop St., Suite 2900, Honolulu, HI 96808-0730. Tel.: 808-543-5662. Web: www.hei.com.

We reduced our 2020 earnings estimate for Hawaiian Electric Industries by $0.30 a share. This is primarily due to the diminished prospects of HEI's American Savings Bank subsidiary rather than those of the company's three utilities. When management put forth earnings guidance of $1.90-$2.10 a share in mid-February, it expected ASB to record a provision for loan losses of $17 million-$22 million. Due to the recession, this provision will be much higher. (It is too early to determine how much higher, but ASB recorded a provision of $10.4 million in the March quarter.) Moreover, the steep decline in interest rates has caused the bank's net interest margin to shrink. ASB is also being hurt by lower noninterest income and higher noninterest expenses. As for the utility operations, HEI now thinks earnings will likely come in at the bottom half of its targeted range of $1.46-$1.54 a share. This is based on the assumption that the Hawaii commission will allow the utilities to defer for future recovery its coronavirus-related costs, which are estimated at $22 million in 2020.

It now appears as if Hawaiian Electric Company (HECO) will not receive a base rate increase. In view of the economic stress caused by the recession, the utility agreed to a settlement calling for no increase. The settlement awaits a ruling from the regulators. The company should be able to offset some of the lack of rate relief through expense reductions. HECO will also retain some cost cuts that were to be passed through to ratepayers. Separately, Maui Electric is no longer required to file a rate case this year, and will probably not put forth an application in the current economic environment.

We have lowered our 2021 earnings estimate by $0.25 a share. We figure ASB's income will make only a partial recovery. Note that we are no longer estimating a dividend hike next year.

The stock price has declined 21% this year. This is understandable, in view of HEI's diminished earnings prospects. Even following this falloff, however, the dividend yield is only about average for a utility. Total return potential is attractive for the next 18 months, but not for the 3- to 5-year period.

Paul E. Debbas, CFA *July 24, 2020*

(A) Diluted EPS. Excl. gain (loss) from disc. ops.: '04, 2¢; '05, (1¢); nonrec. gain (losses): '05, 11¢; '07, (9¢); '12, (25¢); '17, (12¢). '18 & '19 EPS don't sum due to rounding. Next egs. report due early Aug. (B) Div'ds pd. early Mar., June, Sept., & Dec. ■ Div'd reinv. avail. (C) Incl. intang. In '19: $7.03/sh. (D) In mill., adj. for split. (E) Rate base: Orig. cost. Rate allowed on com. eq. in '18: HECO, 9.5%; in '18: HELCO, 9.5%; in '18: MECO, 9.5%; earned on avg. com. eq., '19: 9.8%. Reg. Climate: Below Avg. (F) Excl. div'ds paid through reinv. plan.

Company's Financial Strength	A
Stock's Price Stability	85
Price Growth Persistence	35
Earnings Predictability	60

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