

HAWAIIAN ELECTRIC NYSE-HE										RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO		DIV'D YLD	VALUE LINE			
										27.26	17.0	0.96	4.5%						
										Trailing: 15.8 Median: 19.0									
TIMELINESS	3	Lowered 10/10/14	High: 24.0	29.5	29.8	28.9	27.5	29.8	22.7	25.0	26.8	29.2	28.3	27.9	Target Price Range 2017 2018 2019				
SAFETY	2	Raised 11/2/12	Low: 19.1	23.0	24.6	25.7	20.3	21.0	12.1	18.6	20.6	23.7	23.8	22.7					
TECHNICAL	3	Lowered 10/17/14	LEGENDS — 0.67 X Dividends p sh divided by Interest Rate - - - - Relative Price Strength 2-for-1 split 6/04 Options: Yes Shaded area indicates recession																
BETA	.80	(1.00 = Market)	2017-19 PROJECTIONS Price Gain Ann'l Total High 30 (+10%) 7% Low 20 (-25%) -2%																
Insider Decisions			D J F M A M J J A to Buy 1 0 0 1 0 0 1 0 0 Options 0 0 0 0 0 0 0 0 0 to Sell 1 0 0 0 0 0 0 0 0																
Institutional Decisions			4Q2013 1Q2014 2Q2014 to Buy 93 109 118 to Sell 79 75 81 Hid's(000) 42460 45986 52741																
© VALUE LINE PUB. LLC 17-19 % TOT. RETURN 9/14 THIS STOCK VL ARITH. INDEX 1 yr. 11.2 9.5 3 yr. 26.3 84.2 5 yr. 88.9 104.4																			
1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Revenues per sh	37.50
23.12	23.64	26.05	24.26	22.46	23.49	23.85	27.36	30.21	30.40	35.56	24.96	28.14	33.76	34.46	31.98	31.80	32.85	"Cash Flow" per sh	4.00
3.23	3.35	3.08	3.33	3.52	3.54	3.09	3.22	3.19	3.01	2.72	2.59	2.88	3.18	3.28	3.22	3.30	3.45	Earnings per sh A	2.00
1.48	1.45	1.27	1.60	1.62	1.58	1.36	1.46	1.33	1.11	1.07	.91	1.21	1.44	1.67	1.62	1.65	1.70	Div'd Decl'd per sh B	1.30
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	1.24	1.24	1.24	Cap'l Spending per sh	4.50
2.60	2.09	2.04	1.77	1.74	2.15	2.66	2.76	2.58	2.62	3.12	3.29	1.92	2.45	3.32	3.49	3.50	3.45	Book Value per sh C	20.50
12.87	13.16	12.72	13.06	14.21	14.36	15.01	15.02	13.44	15.29	15.35	15.58	15.67	15.95	16.28	17.06	17.60	18.20	Common Shs Outst'g D	111.00
64.23	64.43	65.98	71.20	73.62	75.84	80.69	80.98	81.46	83.43	90.52	92.52	94.69	96.04	97.93	101.26	103.00	105.00	Avg Ann'l P/E Ratio	12.5
13.4	12.1	12.9	11.8	13.5	13.8	19.2	18.3	20.3	21.6	23.2	19.8	18.6	17.1	15.8	16.2	16.2	16.2	Relative P/E Ratio	.80
.70	.69	.84	.60	.74	.79	1.01	.97	1.10	1.15	1.40	1.32	1.18	1.07	1.01	.91	.91	.91	Avg Ann'l Div'd Yield	5.1%
6.2%	7.1%	7.5%	6.6%	5.7%	5.7%	4.8%	4.6%	4.6%	5.2%	5.0%	6.9%	5.5%	5.0%	4.7%	4.7%	4.7%	4.7%		
CAPITAL STRUCTURE as of 6/30/14 Total Debt \$1703.1 mill. Due in 5 Yrs \$421.4 mill. LT Debt \$1506.5 mill. LT Interest \$69.9 mill. Incl. \$50 mill. 6.5% oblig. pfd. sec. of trust subsid. (LT interest earned: 4.4x) Leases, Uncapitalized Annual rentals \$18.0 mill. Pension Assets-12/13 \$1186.7 mill. Oblig. \$1446.3 mill. Pfd Stock \$34.3 mill. Pfd Div'd \$2.0 mill. 1,114,657 shs. 4 1/4% to 5 1/4%. \$20 par. call. \$20 to \$21; 120,000 shs. 7 3/8%, \$100 par. call. \$100. Sinking fund ends 2018. Common Stock 102,560,176 shs. as of 7/31/14 MARKET CAP: \$2.8 billion (Mid Cap)																			
1924.1	2215.6	2460.9	2536.4	3218.9	2309.6	2665.0	3242.3	3375.0	3238.5	3275	3450	Revenues (\$mill)	4150						
109.6	120.3	109.9	93.6	92.2	84.9	115.4	140.1	164.9	163.4	170	180	Net Profit (\$mill)	225						
45.8%	36.4%	36.5%	35.4%	34.7%	34.1%	37.0%	35.1%	35.9%	34.0%	33.0%	33.0%	Income Tax Rate	31.5%						
7.6%	5.9%	8.4%	8.3%	14.2%	20.6%	7.4%	6.0%	6.9%	4.8%	17.0%	16.0%	AFUDC % to Net Profit	18.0%						
47.6%	45.2%	49.9%	47.6%	46.0%	48.0%	44.5%	44.9%	45.7%	44.0%	45.0%	46.5%	Long-Term Debt Ratio	50.0%						
51.0%	53.3%	48.6%	51.0%	52.7%	50.7%	54.3%	53.9%	53.1%	55.0%	54.0%	52.5%	Common Equity Ratio	49.5%						
2375.1	2283.9	2252.7	2501.8	2635.2	2840.8	2732.9	2841.3	3001.0	3142.9	3355	3630	Total Capital (\$mill)	4600						
2422.3	2542.8	2647.5	2743.4	2907.4	3088.6	3165.9	3334.5	3594.8	3858.9	4045	4220	Net Plant (\$mill)	4950						
6.0%	6.8%	6.4%	5.2%	4.7%	4.3%	5.6%	6.2%	6.7%	6.4%	6.0%	6.0%	Return on Total Cap'l	6.0%						
8.8%	9.6%	9.7%	7.1%	6.5%	5.8%	7.6%	8.9%	10.1%	9.3%	9.0%	9.0%	Return on Shr. Equity	9.5%						
8.9%	9.7%	9.9%	7.2%	6.5%	5.8%	7.7%	9.0%	10.2%	9.4%	9.0%	9.0%	Return on Com Equity E	10.0%						
1.1%	1.5%	.7%	.8%	.5%	NMF	1.4%	2.1%	4.2%	3.7%	2.0%	2.5%	Retained to Com Eq	3.5%						
87%	85%	93%	89%	93%	116%	82%	78%	59%	61%	76%	74%	All Div'ds to Net Prof F	65%						
ELECTRIC OPERATING STATISTICS 2011 2012 2013 % Change Retail Sales (KWH) -5 -3.5 -1.5 Avg. Indust. Use (MWH) 6284 6119 6112 Avg. Indust. Revs. per KWH (¢) 27.89 30.35 29.31 Capacity at Yearend (Mw) 2327 2332 2354 Peak Load, Winter (Mw) 1530 1535 1535 Annual Load Factor (%) 74.8 72.1 71.0 % Change Customers (yr-end) +3 +5 +8																			
BUSINESS: Hawaiian Electric Industries, Inc. is the parent company of Hawaiian Electric Company, Inc. (HECO) & American Savings Bank (ASB). HECO & its subs., Maui Electric Co. (MECO) & Hawaii Electric Light Co. (HELCO), supply electricity to 452,000 customers on O'ahu, Maui, Molokai, Lanai, & Hawaii. Operating companies' systems are not interconnected. Disc. int'l power sub. in '01. Elec. rev. breakdown: res'l, 30%; comm'l, 35%; large light & power, 34%; other, 1%. Generating sources: oil, 56%; purchased, 44%. Fuel costs: 60% of revs. '13 reported depr. rate (util.): 3.1%. Has 4,000 empl. Chairman: Jeffrey N. Watanabe. Pres. & CEO: Constance H. Lau. Inc.: HI. Address: 1001 Bishop St., Suite 2900, Honolulu, HI 96808-0730. Tel.: 808-543-5662. Internet: www.hei.com.																			
Hawaiian Electric Industries' utility subsidiaries have proposed plans to address issues affecting utilities and their customers in the state. In recent years, high oil prices (which get passed on to customers) have resulted in significantly higher bills. This has induced numerous customers to install solar panels on their homes. However, these customers still benefit from the electric grid, and the company (like most utilities) believes nonsolar customers are subsidizing solar users. So, HEI proposes increasing the monthly fixed charge for residential customers from \$17 to \$55. New solar customers would pay an additional \$16. The company also wants to lower customers' bills through the ability to switch its plants from oil to lower-cost liquefied natural gas, once an LNG import facility is up and running. The use of renewable energy would be expanded significantly, since renewables are competitive with oil. HEI believes that customer bills would be reduced by 20% by 2030. The state Public Utilities Commission must rule on the company's proposal, which came at the request of the PUC. How it will affect HEI is to be determined.																			
Even with this proposal, utilities would still file general rate cases. Hawaiian Electric Company filed one earlier this year in which (because rates are already high) it sought no change in tariffs, even though the utility wasn't earning its allowed return on equity. Maui Electric Company will file a rate application in late 2014, and Hawaii Electric Light Company will do so in late 2015. We estimate slight earnings increases in 2014 and 2015. The utilities are earning a return on clean energy and system reliability expenditures, and American Savings Bank is benefiting from solid loan growth. However, the bottom-line improvement we forecast isn't likely to be enough to allow the board of directors to raise the dividend, which has been stuck at \$1.24 a share since the 1990s. The noteworthy feature of this stock is its dividend yield. The yield is nearly one percentage point above the average for electric utility equities. However, the likelihood of low dividend growth over the 3- to 5-year period points to subpar total return potential.																			
Paul E. Debbas, CFA October 31, 2014																			
Company's Financial Strength A Stock's Price Stability 90 Price Growth Persistence 35 Earnings Predictability 75																			

(A) Dil. EPS. Excl. gains (losses) from disc. ops.: '00, (.56¢); '01, (.36¢); '03, (.5¢); '04, 2¢; '05, (1¢); nonrec. gain (losses): '05, '11; '07, (9¢); '12, (25¢). Next earnings report due early Nov. (B) Div'ds historically paid in early Mar., June, Sept., & Dec. (C) Div'd reinvest. plan avail. (D) In mill. (E) Rate base: Orig. cost. Rate allowed on com. eq. in '11: HECO, 10%; in '12: HELCO, 10%; in '13: MECO, 9%; earned on avg. com. eq., '13: 9.7%. Regul. Climate: Avg. Adj. div'l. div'd paid through reinvest. plan.

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