

HAWAIIAN TELCOM HOLDCO, INC.

QUARTERLY TRENDING EXTERNAL FORMAT
(UNAUDITED)

(Dollars in thousands)

	For the Three Months Ended												For the Year Ended December 31,		
	3/31/15	6/30/15	9/30/15	12/31/15	3/31/16	6/30/16	9/30/16	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	2015	2016	2017
Operating revenues:															
Business															
Data services:															
Ethernet and RNS.....	\$ 3,883	\$ 3,765	\$ 3,923	\$ 3,937	\$ 4,128	\$ 4,374	\$ 4,454	\$ 4,432	\$ 4,791	\$ 4,336	\$ 4,260	\$ 4,258	\$ 15,508	\$ 17,388	\$ 17,645
Dedicated Internet Access.....	1,693	1,657	1,856	2,675	3,519	5,424	2,634	2,674	2,603	2,086	2,088	2,092	7,881	14,252	8,869
Internet.....	3,363	3,321	3,397	3,359	3,562	3,399	3,401	3,347	3,354	3,313	3,187	3,115	13,440	13,709	12,969
BVoIP.....	2,471	2,642	2,746	2,807	2,907	3,154	3,284	3,340	3,326	3,577	3,719	3,840	10,666	12,685	14,462
Legacy data services.....	1,941	1,772	1,779	1,601	2,268	1,685	1,653	1,494	1,543	1,690	1,622	1,554	7,093	7,100	6,409
Total data services.....	13,351	13,157	13,701	14,379	16,384	18,036	15,426	15,287	15,617	15,002	14,876	14,859	54,589	65,134	60,354
Voice services.....	24,085	23,223	23,720	22,944	22,412	21,752	21,687	21,520	21,258	20,733	20,431	20,160	93,972	87,370	82,582
Hosted and managed services.....	1,241	1,403	1,385	1,553	1,581	1,706	1,523	1,620	1,532	1,642	1,503	1,691	5,582	6,430	6,368
Equipment and related services.....	4,265	4,779	5,993	5,510	4,465	5,178	6,161	5,925	5,443	4,274	5,050	5,406	20,546	21,729	20,173
	42,942	42,562	44,799	44,386	44,842	46,672	44,797	44,352	43,850	41,651	41,860	42,116	174,689	180,663	169,477
Consumer															
Video services.....	7,522	8,280	8,677	9,187	9,426	9,997	10,483	10,652	10,594	10,806	11,103	11,092	33,666	40,558	43,595
Internet services.....	8,128	8,187	8,283	8,088	7,725	7,328	7,053	6,887	6,681	6,639	6,811	32,687	28,993	26,750	
Voice services.....	20,516	20,033	19,683	19,042	19,054	18,627	18,144	17,563	16,986	16,407	15,946	15,642	79,273	73,388	64,981
	36,166	36,500	36,643	36,317	36,205	35,952	35,680	35,102	34,261	33,832	33,688	33,545	145,626	142,939	135,326
Wholesale carrier data.....	14,333	13,789	14,245	14,063	13,762	13,172	13,440	13,290	12,828	12,602	12,567	12,744	56,430	53,664	50,741
Other.....	3,673	3,336	5,218	4,439	3,985	3,745	3,931	4,036	3,571	3,213	2,898	3,193	16,668	15,697	12,875
Total operating revenues.....	\$ 97,114	\$ 96,187	\$ 100,905	\$ 99,205	\$ 98,794	\$ 99,541	\$ 97,848	\$ 96,780	\$ 94,510	\$ 91,298	\$ 91,013	\$ 91,598	\$ 393,413	\$ 392,963	\$ 368,419
Operating expenses:															
Cost of revenues (exclusive of depreciation and amortization).....	40,183	39,219	41,013	42,059	42,479	40,605	41,903	40,848	41,191	40,181	40,100	41,629	162,474	165,835	163,101
Selling, general and administrative expenses.....	29,732	29,767	33,146	31,153	29,865	29,554	29,206	29,795	31,395	26,608	29,827	27,063	123,798	118,420	114,893
Depreciation and amortization.....	21,280	21,941	22,551	22,107	21,950	22,493	23,036	22,437	21,269	21,742	22,174	23,239	87,879	89,916	88,424
Total operating expenses.....	\$ 91,195	\$ 90,927	\$ 96,710	\$ 95,319	\$ 94,294	\$ 92,652	\$ 94,145	\$ 93,080	\$ 93,855	\$ 88,531	\$ 92,101	\$ 91,931	\$ 374,151	\$ 374,171	\$ 366,418
Operating income (loss).....	5,919	5,260	4,195	3,887	4,500	6,889	3,703	3,700	655	2,767	(1,088)	(333)	19,262	18,792	2,001
Depreciation and amortization.....	21,280	21,941	22,551	22,107	21,950	22,493	23,036	22,437	21,269	21,742	22,174	23,239	87,879	89,916	88,424
Non-cash stock and other performance-based compensation.....	375	525	186	497	779	789	737	641	725	731	892	479	1,584	2,946	2,827
SystemMetrics earn-out.....	272	272	(350)	64	515	216	(71)	105	—	32	—	—	258	765	32
Pension settlement loss.....	850	1,397	4,118	1,722	—	—	486	791	1,956	314	1,090	640	8,088	1,277	4,000
Early retirement plan severance.....	—	—	—	—	—	—	—	—	1,743	—	—	—	—	—	1,743
Merger-related expenses.....	—	—	—	—	—	—	—	—	—	189	1,988	234	—	—	2,411
Other special items.....	476	394	550	1,045	390	396	675	826	714	650	700	469	2,464	2,287	2,533
Adjusted EBITDA (1).....	\$ 29,172	\$ 29,789	\$ 31,250	\$ 29,322	\$ 28,134	\$ 30,783	\$ 28,566	\$ 28,500	\$ 27,062	\$ 26,425	\$ 25,756	\$ 24,727	\$ 119,535	\$ 115,983	\$ 103,971
Capital expenditures.....	\$ 29,172	\$ 23,744	\$ 23,816	\$ 22,302	\$ 28,139	\$ 24,759	\$ 25,436	\$ 19,507	\$ 27,242	\$ 25,388	\$ 23,088	\$ 19,538	\$ 99,034	\$ 97,841	\$ 95,256
Levered Free Cash Flow (2).....	\$ (3,953)	\$ 2,394	\$ 3,804	\$ 2,076	\$ (2,497)	\$ 2,166	\$ (458)	\$ 5,225	\$ (3,717)	\$ (3,542)	\$ 267	\$ 1,040	\$ 4,323	\$ 4,436	\$ (5,951)
	3/31/15	6/30/15	9/30/15	12/31/15	3/31/16	6/30/16	9/30/16	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17			
Business															
Data lines.....	19,624	19,759	19,835	20,081	19,954	19,851	19,754	19,596	19,341	18,917	18,530	18,289			
BVoIP lines.....	13,875	15,469	16,273	16,749	17,281	18,101	18,593	19,091	20,034	20,666	21,421	22,457			
Voice access lines.....	173,425	170,506	169,120	168,058	166,073	163,860	162,587	160,829	158,621	155,743	153,273	149,959			
Consumer															
Video subscribers.....	29,721	31,921	34,009	35,876	37,108	38,593	39,774	41,557	42,771	43,235	44,312	45,183			
Internet lines.....	93,090	93,338	93,202	93,002	92,820	91,820	91,000	91,089	90,693	90,073	90,563	91,883			
Voice access lines.....	165,074	160,819	156,311	151,996	147,375	143,441	139,167	135,363	131,142	127,134	123,738	121,169			
Homes enabled for video.....	166,000	175,000	183,000	190,000	195,000	198,000	201,000	202,000	203,000	204,000	205,000	206,000			

(1) Adjusted EBITDA is a non-GAAP financial measure used by management to evaluate the effectiveness of the Company's operating performance. Adjusted EBITDA is defined as net income (loss) plus interest expense (net of interest income and other), income taxes, depreciation and amortization, loss (gain) on sale of property, non-cash stock and other performance-based compensation, SystemMetrics earn-out, pension settlement loss and other special items. The Company believes this non-GAAP measure is a meaningful performance measure for investors because it is used by our Board and management to evaluate performance, enhance comparability between periods and make operating decisions. Our use of Adjusted EBITDA may not be comparable to similarly titled measures used by other companies in the telecommunications industry.

(2) Levered Free Cash Flow is a non-GAAP financial measure used by management to measure operational performance and liquidity. This non-GAAP measure does not represent the residual cash flow available for discretionary expenditures. The Company defines Levered Free Cash Flow as Adjusted EBITDA less cash interest expense and capital expenditures.

HAWAIIAN TELCOM HOLDCO, INC.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES--ADJUSTED EBITDA & LEVERED FREE CASH FLOW (1) (2)

(UNAUDITED)

(Dollars in thousands)

	For the Three Months Ended												For the Year Ended December 31,		
	3/31/15	6/30/15	9/30/15	12/31/15	3/31/16	6/30/16	9/30/16	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	2015	2016	2017
Net income (loss).....	\$ 975	\$ 455	\$ 105	\$ (435)	\$ 154	\$ 1,445	\$ (279)	\$ (214)	\$ (1,952)	\$ (3,476)	\$ (92,719)	\$ (9,094)	\$ 1,100	\$ 1,106	\$ (107,241)
Income tax provision (credit).....	614	643	(54)	153	106	960	(174)	(302)	(1,386)	(2,402)	87,481	4,309	1,357	591	88,002
Interest expense & other income & expense, net.....	4,330	4,162	4,144	4,169	4,240	4,484	4,156	4,216	3,993	8,645	4,150	4,452	16,805	17,095	21,240
Operating income (loss).....	5,919	5,260	4,195	3,887	4,500	6,889	3,703	3,700	655	2,767	(1,088)	(333)	19,262	18,792	2,001
Depreciation and amortization.....	21,280	21,941	22,551	22,107	21,950	22,493	23,036	22,437	21,269	21,742	22,174	23,238	87,879	89,916	88,424
Non-cash stock and other performance-based compensation..	375	525	186	497	779	789	737	641	725	731	892	479	1,584	2,946	2,827
SystemMetrics earn-out.....	272	272	(350)	64	515	216	(71)	105	—	32	—	—	258	765	32
Pension settlement loss.....	850	1,397	4,118	1,722	—	—	486	791	1,956	314	1,090	640	8,088	1,277	4,000
Early retirement plan severance.....	—	—	—	—	—	—	—	—	1,743	—	—	—	—	—	1,743
Merger-related expenses.....	—	—	—	—	—	—	—	—	—	189	1,988	234	—	—	2,411
Other special items.....	476	394	550	1,045	390	396	675	826	714	650	700	469	2,464	2,287	2,533
Adjusted EBITDA (1).....	<u>\$ 29,172</u>	<u>\$ 29,789</u>	<u>\$ 31,250</u>	<u>\$ 29,322</u>	<u>\$ 28,134</u>	<u>\$ 30,783</u>	<u>\$ 28,566</u>	<u>\$ 28,500</u>	<u>\$ 27,062</u>	<u>\$ 26,425</u>	<u>\$ 25,756</u>	<u>\$ 24,727</u>	<u>\$ 119,535</u>	<u>\$ 115,983</u>	<u>\$ 103,971</u>
Adjusted EBITDA (1).....	\$ 29,172	\$ 29,789	\$ 31,250	\$ 29,322	\$ 28,134	\$ 30,783	\$ 28,566	\$ 28,500	\$ 27,062	\$ 26,425	\$ 25,756	\$ 24,727	\$ 119,535	\$ 115,983	\$ 103,971
Cash interest expense.....	(3,953)	(3,651)	(3,630)	(4,944)	(2,492)	(3,858)	(3,588)	(3,768)	(3,537)	(4,579)	(2,401)	(4,149)	(16,178)	(13,706)	(14,666)
Capital expenditures.....	(29,172)	(23,744)	(23,816)	(22,302)	(28,139)	(24,759)	(25,436)	(19,507)	(27,242)	(25,388)	(23,088)	(19,538)	(99,034)	(97,841)	(95,256)
Levered Free Cash Flow (2).....	<u>\$ (3,953)</u>	<u>\$ 2,394</u>	<u>\$ 3,804</u>	<u>\$ 2,076</u>	<u>\$ (2,497)</u>	<u>\$ 2,166</u>	<u>\$ (458)</u>	<u>\$ 5,225</u>	<u>\$ (3,717)</u>	<u>\$ (3,542)</u>	<u>\$ 267</u>	<u>\$ 1,040</u>	<u>\$ 4,323</u>	<u>\$ 4,436</u>	<u>\$ (5,951)</u>

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(2) Levered Free Cash Flow is a non-GAAP financial measure used by management to measure operational performance and liquidity. This non-GAAP measure does not represent the residual cash flow available for discretionary expenditures. The Company defines Levered Free Cash Flow as Adjusted EBITDA less cash interest expense and capital expenditures.