3rd Quarter 2017 Earnings Conference Call

November 8, 2017

Hawaiian Telcom

HAWAII'S TECHNOLOGY LEADER

Agenda

Third Quarter 2017 Highlights — Scott Barber, President & CEO

Financial Review — Dan Bessey, CFO

Q & A

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Presented Information

In addition to historical information, this presentation includes certain statements and predictions that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In particular, any statement, projection or estimate that includes or references the words “believes”, “anticipates”, “intends”, “expects”, or any similar expression falls within the safe harbor of forward-looking statements contained in the Reform Act.

Actual results or outcomes may differ materially from those indicated or suggested by any such forward-looking statement for a variety of reasons, including, but not limited to: failures in Hawaiian Telcom’s critical back office systems and IT infrastructure; breach of the our data security systems; increases in the amount of capital expenditures required to execute our business plan; the loss of certain outsourcing agreements, or the failure of any third party to perform under these agreements; our ability to sell capacity on the new submarine fiber cable project; adverse changes to applicable laws and regulations; the failure to adequately adapt to technological changes in the telecommunications industry, including changes in consumer technology preferences; adverse economic conditions in Hawai‘i; the availability of lump sum distributions under our union pension plan; limitations on the ability to utilize net operating losses due to an ownership change under Internal Revenue Code Section 382; the inability to service our indebtedness; limitations imposed on our business from restrictive covenants in the credit agreements; severe weather conditions and natural disasters; the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement with Cincinnati Bell or conditions to the closing of the merger may not be satisfied or waived; the failure to satisfy the closing conditions; risks related to disruption of management’s attention from the Company’s ongoing business operations due to the proposed merger; the effect of the announcement of the merger on the ability of the Company to retain and hire key personnel, maintain relationships with its customers and suppliers, and operating results and business generally; the transaction may involve unexpected costs, liabilities or delays; the Company’s business may suffer as a result of the uncertainty surrounding the transaction; the outcome of any legal proceeding relating to the transaction; the Company may be adversely affected by other economic, business and/or competitive factors; and other risks to consummation of the transaction, including the risk that the transaction will not be consummated within the expected time period or at all.

More information on potential risks and uncertainties is available in recent filings with the Securities and Exchange Commission, including Hawaiian Telcom’s Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. The information contained in this presentation is as of November 8, 2017. It is possible that subsequent events and developments will cause estimates to change.

Third Quarter 2017 Highlights

Scott Barber, President & CEO

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Recent Events & Third Quarter 2017 Highlights

Received Overwhelming Shareholder Approval for Merger with Cincinnati Bell	• 86.2% of Hawaiian Telcom's outstanding shares, and more than 99.8% of the votes cast, were voted in favor of approving the merger • Transaction to create greater scale and efficiency, expanded markets and products, and increased investment in fiber leading to future growth opportunities • Cleared HSR & merger regulatory review processes are well underway

Third Quarter 2017 Highlights	• Strong demand in Hawaii market for Hawaiian Telcom fiber services
	• **Business channel:**
	  • Business Internet subscribers on 50 Mbps to 1 Gbps fiber speeds up 38% Y/Y
	  • 9.4K fiber-enabled business locations statewide as of 9/30
	• **Consumer channel:**
	  • IPTV subscribers grew 11% Y/Y, 21st consecutive quarter of Y/Y growth
	  • Consumer Internet subscribers on 100 Mbps to 1 Gbps fiber speeds grew 64% Y/Y, driving Internet revenue and subscribers' sequential growth for the first time in two years
	  • 205K fiber-enabled homes on Oahu & 2.3K CAF II homes on neighbor islands
	• **Wholesale channel:**
	  • Ethernet & optical transport service revenue grew 25% Y/Y

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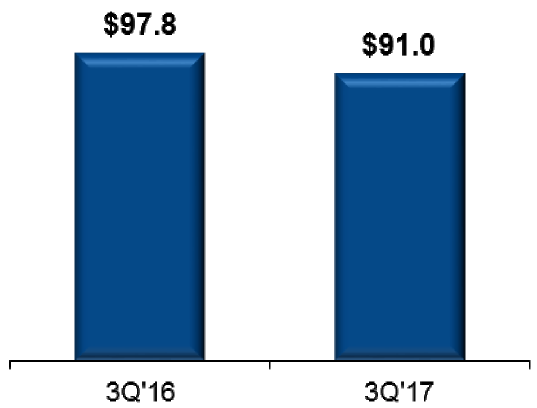
Financial Review

Dan Bessey, SVP & CFO

Quarterly Revenue & Adjusted EBITDA

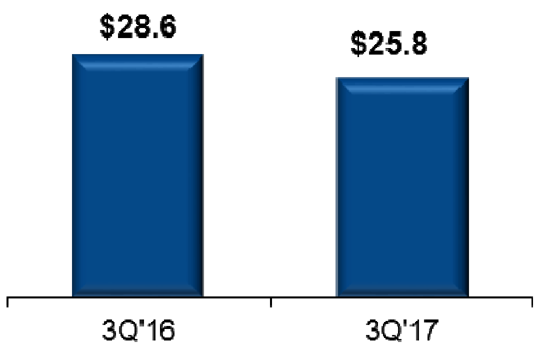
Total Revenue

($ in millions)



Adjusted EBITDA

($ in millions)



- **3Q’17 Revenue $91.0M**
  - Lower levels of equipment sales Y/Y
  - Revenue growth from high-bandwidth fiber products and services offset by ongoing legacy declines
- **3Q’17 Adjusted EBITDA $25.8M**
  - Y/Y decline related to lower revenue, partially offset by ongoing efficiency improvements and other cost savings initiatives
- **3Q’17 Net loss of $92.7M**
  - Impacted by $89.4M one-time, non-cash increase in deferred income tax valuation allowance
  - 3Q’17 Adjusted Net Loss* of $3.3M

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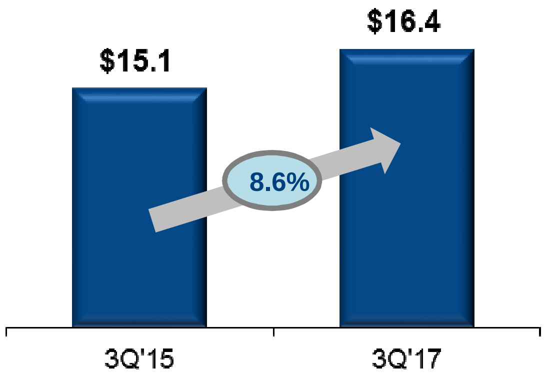
** Reconciliation table included in Appendix*

Revenue Channel Performance

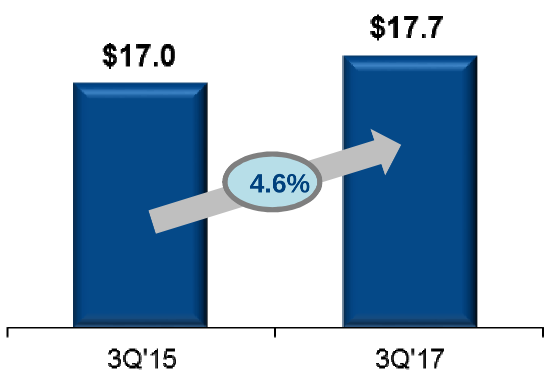
Business Strategic Revenue[1]

($ in millions)



Consumer Strategic Revenue[2]

($ in millions)



- **Business revenue $41.9M**
  - Down Y/Y, up slightly sequentially
  - Growth in high-bandwidth data units offset by lower ARPUs from promotional pricing & certain pricing reductions for longer term contract renewals
  - Continued to transform revenue streams from legacy to strategic services
- **Consumer revenue $33.7M**
  - Down Y/Y, flat sequentially
  - TV revenue grew 5.9% Y/Y
  - Best Internet net adds since 2014 as growth in high-speed fiber areas outweighed disconnects in copper areas
  - Consumer strategic revenue now represents 53% total consumer revenue
- **Wholesale revenue $12.6M**
  - Down Y/Y, flat sequentially

1. Business strategic revenue includes data services and hosted & managed service revenues.
2. Consumer strategic revenue includes video services and consumer Internet services revenues.

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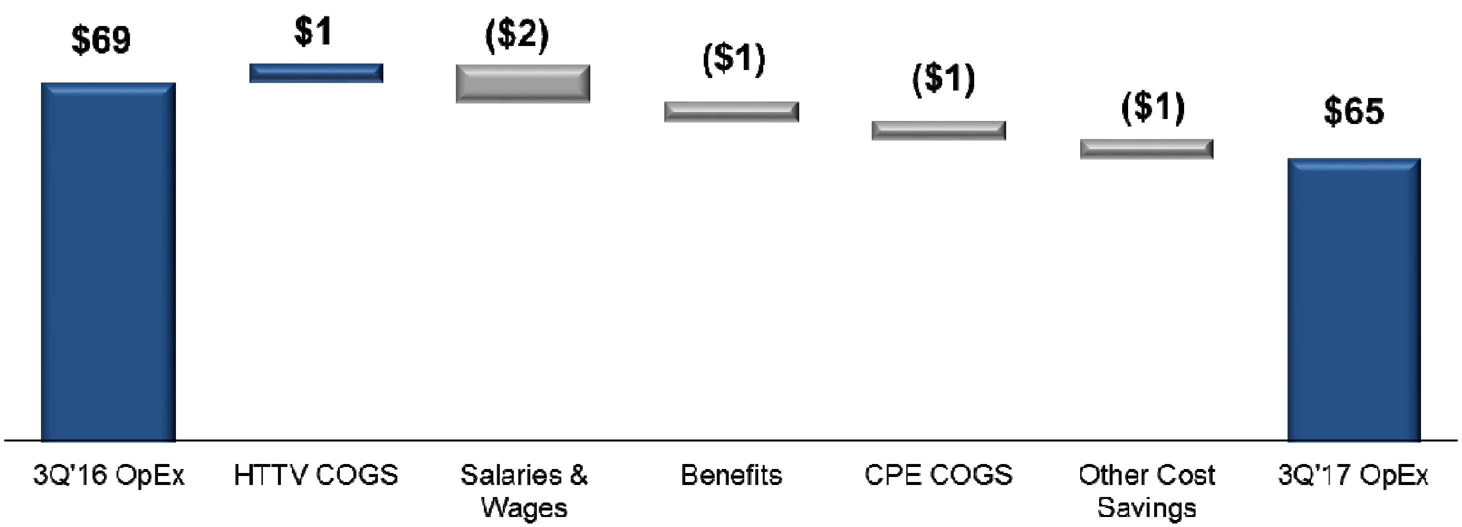
Operating Expenses

Quarterly Operating Expenses

($ in millions)



- Overall operating expense decrease primarily due to lower salaries, wages & benefits as a result of headcount rationalization and cost savings initiatives, lower cost of goods from lower levels of equipment sales, and benefits of various other cost savings initiatives, partly offset by higher direct cost of services related to video from increased number of subscribers

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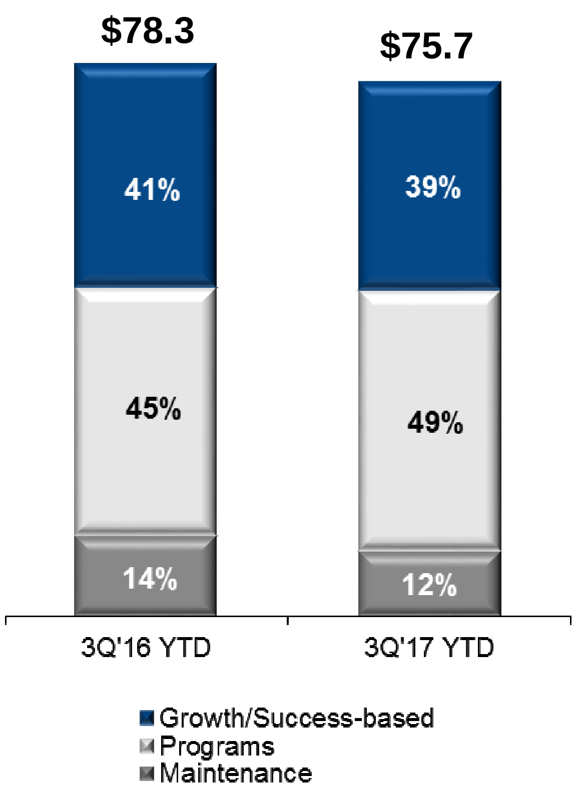
Capital Expenditures

YTD CapEx

($ in millions)



- 3Q'17 YTD CapEx $2.6M lower compared to prior year
- ~90% of total CapEx directed towards growth and expansion initiatives, including SEA-US related payments, CAF II build out, spending to continue to increase network capacity, and success-based spending to support the growth of next-gen services

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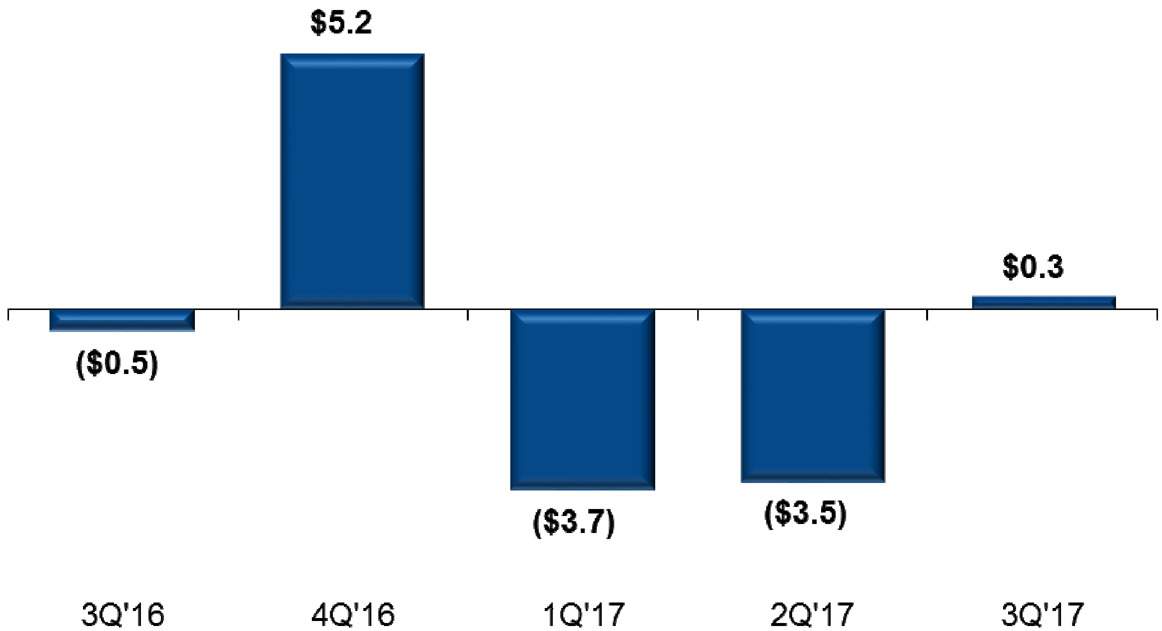
Cash Flow

Quarterly Levered Free Cash Flow

($ in millions)



- $45M in cash and cash equivalents at quarter-end
- 3Q'17 YTD Levered Free Cash Flow of -$7.0M
- Conservatively capitalized with a Net Leverage Ratio* of 2.5x

** Calculated as Net Debt divided by LTM Adjusted EBITDA*

Q&A

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Appendix

Historical Quarterly Data

(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	2015	2016	9/30/17 LTM
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	$ 15,508	$ 17,388	$ 17,819
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	7,881	14,251	9,451
Internet	3,363	3,321	3,397	3,359	3,562	3,399	3,401	3,347	3,354	3,313	3,187	13,440	13,709	13,201
BVoIP	2,471	2,642	2,746	2,807	2,907	3,154	3,284	3,340	3,326	3,577	3,719	10,666	12,685	13,962
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	7,093	7,100	6,349
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	54,589	65,133	60,782
Voice services	24,085	23,223	23,720	22,944	22,412	21,752	21,687	21,520	21,258	20,733	20,431	93,972	87,371	83,942
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	5,582	6,430	6,297
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	20,546	21,729	20,692
	42,942	42,562	44,799	44,386	44,842	46,672	44,797	44,352	43,850	41,651	41,860	174,689	180,663	171,713
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	33,666	40,558	43,155
Internet services	8,128	8,187	8,283	8,088	7,725	7,328	7,053	6,887	6,681	6,619	6,639	32,687	28,993	26,826
Voice services	20,516	20,033	19,683	19,042	19,054	18,627	18,144	17,563	16,986	16,407	15,946	79,273	73,388	66,902
	36,166	36,500	36,643	36,317	36,205	35,952	35,680	35,102	34,261	33,832	33,688	145,626	142,939	136,883
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	56,430	53,664	51,287
Other	3,673	3,336	5,218	4,439	3,985	3,745	3,931	4,036	3,571	3,213	2,898	16,668	15,697	13,718
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	$393,413	$392,963	$373,601
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	162,474	165,835	162,320
Selling, general and adminstrative expenses	29,732	29,767	33,146	31,153	29,865	29,554	29,206	29,795	31,395	26,608	29,827	123,798	118,420	117,625
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	87,879	89,916	87,622
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	$374,151	$374,171	$367,567
Operating income (loss)	5,919	5,260	4,195	3,887	4,500	6,889	3,703	3,700	655	2,767	(1,088)	19,262	18,792	6,033
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	87,879	89,916	87,623
Non-cash stock and other performance-based compensation	375	525	186	497	779	789	737	641	725	731	892	1,584	2,946	2,989
SystemMetrics earn-out	272	272	(350)	64	515	216	(71)	105	—	32	—	258	765	137
Pension settlement loss	850	1,397	4,118	1,722	—	—	486	791	1,956	314	1,090	8,088	1,277	4,151
Early retirement plan severance	—	—	—	—	—	—	—	—	1,743	—	—	—	—	1,743
Merger-related expenses	—	—	—	—	—	—	—	—	—	189	1,988	—	—	2,177
Other special items	476	394	550	1,045	390	396	675	826	714	650	700	2,464	2,287	2,890
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	$119,535	$115,983	$107,743
Capital expenditures	$ 29,172	$ 23,744	$ 23,816	$ 22,302	$ 28,139	$ 24,759	$ 25,436	$ 19,507	$ 27,242	$ 25,388	$ 23,088	$ 99,034	97,841	95,225
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	$ 4,323	$ 4,436	$ (1,767)

(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, 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.

Beginning in the first quarter of 2017, the Company no longer reports data center services as a separate segment and a separate revenue line item in the business channel. This is as a result of the Company's evolving strategy to increase emphasis on bundling of strategic communications services to customers as well as maximize the efficiency benefits of an integrated operation. Data center services revenue has been reclassified to the appropriate revenue line items in the business channel. Prior period information has been revised to reflect the current presentation.

Historical Quarterly Data

VOLUME INFORMATION

	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
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
BVoIP lines	13,875	15,469	16,273	16,749	17,281	18,101	18,593	19,091	20,034	20,666	21,421
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
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
Internet lines	93,090	93,338	93,202	93,002	92,820	91,820	91,000	91,089	90,693	90,073	90,563
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
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

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	2015	2016	9/30/17 LTM
Net income (loss)	$ 975	$ 455	$ 105	$ (435)	$ 154	$ 1,445	$ (279)	$ (214)	$ (1,952)	$ (3,476)	$ (92,719)	$ 1,100	$ 1,106	$ (98,363)
Income tax provision (benefit)	614	643	(54)	153	106	960	(174)	(302)	(1,386)	(2,402)	87,481	1,357	591	83,392
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	16,805	17,095	21,004
Operating income (loss)	5,919	5,260	4,195	3,887	4,500	6,889	3,703	3,700	655	2,767	(1,088)	19,262	18,792	6,033
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	87,879	89,916	87,623
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Early retirement plan severance	—	—	—	—	—	—	—	—	1,743	—	—	—	—	1,743
Merger-related expenses	—	—	—	—	—	—	—	—	—	189	1,988	—	—	2,177
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	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	2015	2016	9/30/17 LTM
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	$119,535	$115,983	$107,743
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)	(16,178)	(13,706)	(14,285)
Capital expenditures	(29,172)	(23,744)	(23,816)	(22,302)	(28,139)	(24,759)	(25,436)	(19,507)	(27,242)	(25,388)	(23,088)	(99,034)	(97,841)	(95,225)
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	$ 4,323	$ 4,436	$ (1,767)

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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.

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Adjusted Net Loss Reconciliation

(Dollars in thousands, except per share amounts)	Three Months Ended September 30, 2017		Nine Months Ended September 30, 2017	
Net loss	$	(92,719)	$	(98,148)
Change in income tax valuation allowance		89,410		89,410
Adjusted net loss (1)	$	(3,309)	$	(8,738)
Adjusted net loss per common share -				
Basic	$	(0.29)	$	(0.76)
Diluted	$	(0.29)	$	(0.76)

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(1) Adjusted Net Loss is defined as net loss adjusted for the one-time, non-cash item related to the deferred tax valuation allowance. The Company believes this non-GAAP measure is a meaningful performance measure for investors because the deferred tax valuation allowance does not affect our ongoing business operations. Our use of Adjusted Net Loss may not be comparable to similarly titled measures used by other companies in the telecommunications industry.