



2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	© VALUE LINE PUB. LLC	27-29
22.65	19.01	19.31	21.35	16.85	17.42	18.03	18.07	17.11	18.14	18.04	18.30	17.74	20.74	26.21	21.50	<b>21.70</b>	<b>23.90</b>	Revenues per sh	<b>27.35</b>
1.76	2.32	2.67	3.18	3.39	3.52	4.09	4.28	4.51	5.30	5.47	5.95	5.80	6.19	6.67	6.62	<b>6.80</b>	<b>7.25</b>	"Cash Flow" per sh	<b>8.65</b>
.11	.58	.87	1.08	1.31	1.41	1.45	1.48	1.46	1.92	2.00	2.16	2.28	2.45	2.69	2.82	<b>2.70</b>	<b>2.85</b>	Earnings per sh <sup>A</sup>	<b>3.35</b>
.61	.50	.50	.50	.58	.68	.76	.82	.90	.99	1.09	1.18	1.25	1.33	1.41	1.49	<b>1.57</b>	<b>1.65</b>	Div'd Decl'd per sh <sup>B</sup>	<b>1.89</b>
3.99	3.32	3.25	4.10	3.88	4.37	5.78	7.01	7.53	6.28	6.29	7.74	7.91	10.89	10.63	11.93	<b>12.90</b>	<b>13.85</b>	Cap'l Spending per sh	<b>13.50</b>
18.89	18.90	17.60	19.62	20.05	20.87	22.39	20.78	21.04	21.28	21.20	21.08	23.88	25.25	25.54	26.04	<b>27.40</b>	<b>28.80</b>	Book Value per sh <sup>C</sup>	<b>33.50</b>
86.53	86.67	86.67	79.65	79.65	79.65	79.65	79.65	79.65	79.65	79.65	79.65	85.83	85.83	85.83	90.20	<b>91.00</b>	<b>92.00</b>	Common Shs Outst'g <sup>D</sup>	<b>95.00</b>
NMF	18.1	14.0	14.5	15.0	16.1	18.7	18.7	22.4	20.4	19.4	22.2	19.6	19.9	17.4	16.3	<b>Bold figures are Value Line estimates</b>		Avg Ann'l P/E Ratio	<b>15.5</b>
NMF	1.21	.89	.91	.95	.90	.98	.94	1.18	1.03	1.05	1.18	1.01	1.08	1.01	.91			Relative P/E Ratio	<b>.85</b>
4.9%	4.8%	4.1%	3.2%	3.0%	3.0%	2.8%	3.0%	2.8%	2.5%	2.8%	2.5%	2.8%	2.7%	3.0%	3.2%			Avg Ann'l Div'd Yield	<b>3.6%</b>

**CAPITAL STRUCTURE as of 3/31/24**  
**Total Debt \$4883.3 mill. Due in 5 Yrs \$2177.6 mill.**  
**LT Debt \$4355.0 mill. LT Interest \$169.0 mill.**  
 (Total Interest Coverage: 2.3x)

**Leases, Uncapitalized** Annual rentals \$12.3 mill.

**Pension Assets-12/23** \$448.6 mill. **Oblig** \$461.2 mill.

**Pfd Stock** \$11.5 mill. **Pfd Div'd** \$5 mill.

**Common Stock** 90,200,384 shs. as of 4/26/24

**MARKET CAP: \$3.3 billion (Mid Cap)**

**ELECTRIC OPERATING STATISTICS**

	2021	2022	2023
% Change Retail Sales (KWH)	1.0	5.2	1.0
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Revs. per KWH (c)	NA	NA	NA
Capacity at Peak (Mw)	NA	NA	NA
Peak Load, Summer (Mw)	1968	2139	2162
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	1.2	1.0	1.0

Fixed Charge Cov. (%) 317 289 230

**ANNUAL RATES** Past 10 Yrs. Past 5 Yrs. Est'd '21-'23 of change (per sh)

	10 Yrs.	5 Yrs.	Est'd '21-'23
Revenues	2.0%	5.0%	4.5%
"Cash Flow"	7.0%	5.0%	5.0%
Earnings	7.5%	8.0%	5.0%
Dividends	9.0%	7.0%	5.0%
Book Value	2.5%	4.0%	4.5%

**QUARTERLY REVENUES (\$ mill.)**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	364.7	426.5	554.6	434.1	1779.9
2022	444.1	499.7	729.9	575.9	2249.6
2023	544.1	477.2	505.9	412.0	1939.2
2024	436.9	<b>480</b>	<b>560</b>	<b>498.1</b>	<b>1975</b>
2025	<b>575</b>	<b>510</b>	<b>590</b>	<b>525</b>	<b>2200</b>

**EARNINGS PER SHARE <sup>A</sup>**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	.32	.55	1.37	.21	2.45
2022	.50	.57	1.46	.15	2.69
2023	.55	.55	1.54	.18	2.82
2024	.41	<b>.55</b>	<b>1.49</b>	<b>.25</b>	<b>2.70</b>
2025	<b>.52</b>	<b>.57</b>	<b>1.51</b>	<b>.25</b>	<b>2.85</b>

**QUARTERLY DIVIDENDS PAID <sup>B</sup>**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2020	.3075	.3075	.3075	.3075	1.23
2021	.3275	.3275	.3275	.3275	1.31
2022	.3475	.3475	.3475	.3475	1.39
2023	.3675	.3675	.3675	.3675	1.47
2024	.3875	.3875	.3875	.3875	

**PNM Resources shares are among the weaker year-to-date electric utility performers.** The shares are down 13% this year, as compared to a 2% decline in the *Value Line Utility Index*. The impetus was the cancellation of the \$50.30 buyout offer from Avangrid, Inc. At various stages of a lengthy process, the deal was on again and off again due to regulatory roadblocks. Finally, Avangrid's parent company, Iberdrola of Spain, decided to go in a different direction. After the sharp drop in January, the stock appears to be consolidating along a bottom.

**Operations are off to a slow start in 2024.** New Mexico regulators' early January rate decision didn't help. The state's commissioners ruled against the company on a number of fronts. Instead of a rise in the return on equity (ROE) that PNM was seeking, the company instead received a cut from 9.575% to 9.26%. For this year, management is targeting an earnings range of \$2.65-\$2.75 per share, down modestly from the 2023 level.

**PNM received a recent regulatory win.** In late May, New Mexico officials approved the utility's energy resources

commercial, 28%; industrial, 7%; other, 33%. Generating sources not available. Fuel costs: 46% of revenues. '23 reported depreciation rates: 2.67%-7.64%. Has 1,600 employees. Chairman and CEO: Patricia K. Collawn. Incorporated: New Mexico. Address: 414 Silver Ave. SW, Albuquerque, New Mexico 87102-3289. Telephone: 505-241-2700. Internet: www.pnmresources.com.

The company has the green light to add 100 megawatts (MW) of solar power generation, 250 MW of battery storage under long-term contractual agreements, and 60 MW of owned battery storage. Grid modernization will be the next area PNM will need to address with regulators.

**Longer-term prospects are decent.** The New Mexico operation is an average business of this sort. The company will likely continue to receive below-peer-group returns on invested capital in the state, but there is long-term growth potential from adding renewable energy and modernizing/expanding the grid. On the bright side, PNM's smaller, interstate long-range transmission & distribution (T&D) businesses, which serve around 300,000 consumers in Texas and New Mexico, are engines of growth for the company and suffer little regulatory lag. From 2025 onwards, the recoupment of substantial T&D investments, via regulatory pricing mechanisms, can drive 5%-6% annual earnings and dividend gains.

**Annual total return potential out to 2027-2029 looks worthwhile.**

*Anthony J. Glennon July 19, 2024*

(A) Dil. EPS. Excl. nonrec. gain/(loss): '08, (\$3.77); '10, (\$1.36); '11, 88c; '13, (16c); '15, (\$1.28); '17, (92c); '18, (93c); '19, (\$1.19); '20, (13c); '21, (18c); '22, (72c); '23, (\$1.80). Excl. disc. op. gains: '08, 42c; '09, 78c. Next egs. report due early Aug. (B) Div'ds paid mid-Feb., May, Aug., & Nov. Div'd reinv. plan avail. (C) Incl. def. charges/other intang. In '23: \$15.45/sh. (D) In mill. (E) Rate base: net orig. cost. Rate allowed on com. eq. in NM in '23: 9.26%; in TX in '18: 9.65%; Regulatory Climate: NM, Below Average.; TX, Average.

**Company's Financial Strength** B+  
**Stock's Price Stability** 95  
**Price Growth Persistence** 95  
**Earnings Predictability** 100