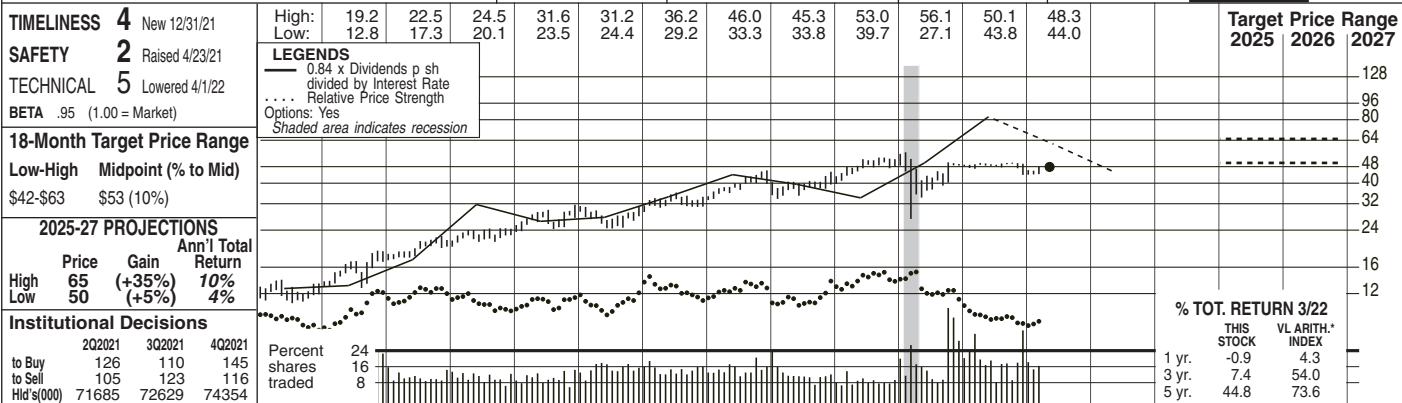


# PNM RESOURCES NYSE-PNM

RECENT PRICE **47.84** P/E RATIO **20.2** (Trailing: 21.1; Median: 20.0) RELATIVE P/E RATIO **1.13** DIV'D YLD **2.9%** VALUE LINE



2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	© VALUE LINE PUB. LLC	25-27
32.25	24.92	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	<b>21.00</b>	<b>21.10</b>	Revenues per sh	<b>23.25</b>
3.57	2.54	1.76	2.32	2.67	3.18	3.39	3.52	4.09	4.28	4.51	5.30	5.13	6.07	5.68	6.01	<b>6.45</b>	<b>6.60</b>	"Cash Flow" per sh	<b>8.00</b>
1.72	.76	.11	.58	.87	1.08	1.31	1.41	1.45	1.48	1.46	1.92	1.66	2.28	2.15	2.27	<b>2.55</b>	<b>2.65</b>	Earnings per sh <sup>A</sup>	<b>3.00</b>
.86	.91	.61	.50	.50	.50	.58	.68	.76	.82	.90	.99	1.09	1.18	1.25	.98	<b>1.76</b>	<b>1.49</b>	Div'd Decl'd per sh <sup>B + †</sup>	<b>1.80</b>
4.04	5.94	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	<b>10.20</b>	<b>10.55</b>	Cap'l Spending per sh	<b>9.00</b>
22.09	22.03	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	<b>26.90</b>	<b>28.45</b>	Book Value per sh <sup>C</sup>	<b>32.00</b>
76.65	76.81	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	<b>88.00</b>	<b>90.00</b>	Common Shs Outst'g <sup>D</sup>	<b>90.00</b>
15.6	NMF	NMF	18.1	14.0	14.5	15.0	16.1	18.7	18.7	22.4	20.4	23.4	21.1	20.8	21.5	<i>Bold figures are Value Line estimates</i>		Avg Ann'l P/E Ratio	<b>19.0</b>
.84	NMF	NMF	1.21	.89	.91	.95	.90	.98	.94	1.18	1.03	1.26	1.12	1.07	1.18			Relative P/E Ratio	<b>1.05</b>
3.2%	3.4%	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%	2.0%			Avg Ann'l Div'd Yield	<b>3.2%</b>

**CAPITAL STRUCTURE as of 12/31/21**  
 Total Debt \$3761.6 mill. Due in 5 Yrs \$2046.4 mill.  
 LT Debt \$3519.6 mill. LT Interest \$92.6 mill.  
 (LT interest earned: 3.3x)  
 Leases, Uncapitalized Annual rentals \$28.4 mill.  
 Pension Assets-12/21 \$639.6 mill.  
 Oblig \$643.7 mill.

**Pfd Stock** \$11.5 mill. Pfd Div'd \$5 mill.  
 115,293 shs. 4.58%, \$100 par without mandatory redemption. Sinking fund began 2/1/84.

**Common Stock** 85,834,874 shs. as of 2/18/22  
**MARKET CAP: \$4.1 billion (Mid Cap)**

**ELECTRIC OPERATING STATISTICS**

	2019	2020	2021
% Change Retail Sales (KWH)	+5.0	NA	NA
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Revs. per KWH (c)	NA	NA	NA
Capacity at Peak (Mw)	2761	NA	NA
Peak Load, Summer (Mw)	1937	1974	1968
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	NA	NA	NA

**ANNUAL RATES** Past 10 Yrs. Past 5 Yrs. Est'd '19-'21 of change (per sh)

	Past 10 Yrs.	Past 5 Yrs.	Est'd '19-'21
Revenues	-5%	1.5%	3.5%
"Cash Flow"	8.0%	6.5%	5.0%
Earnings	10.0%	9.0%	5.0%
Dividends	8.5%	6.5%	8.0%
Book Value	2.5%	2.0%	5.5%

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

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2019	349.7	330.2	433.6	344.1	1457.6
2020	333.6	357.6	472.5	359.3	1523.0
2021	364.7	426.5	554.6	434.1	1779.9
2022	<b>385</b>	<b>445</b>	<b>575</b>	<b>445</b>	<b>1850</b>
2023	<b>400</b>	<b>455</b>	<b>590</b>	<b>455</b>	<b>1900</b>

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

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2019	.23	.36	1.29	.40	2.28
2020	d.19	.72	1.52	.10	2.15
2021	.20	.62	1.32	.13	2.27
2022	<b>.41</b>	<b>.53</b>	<b>1.30</b>	<b>.31</b>	<b>2.55</b>
2023	<b>.43</b>	<b>.55</b>	<b>1.35</b>	<b>.32</b>	<b>2.65</b>

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

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018	.265	.265	.265	.265	1.06
2019	.29	.29	.29	.29	1.16
2020	.3075	.3075	.3075	.3075	1.23
2021	.3275	.3275	.3275	.3275	1.31
2022	.3475				

**BUSINESS:** PNM Resources, Inc. is a holding company with two regulated electric utilities. Public Service Company of New Mexico (PNM) serves 538,000 customers in north central New Mexico, including Albuquerque and Santa Fe. Texas-New Mexico Power Company (TNMP) transmits and distributes power to 261,000 customers in Texas. Electric revenue breakdown: residential, 42%;

**PNM Resources and AVANGRID are appealing the New Mexico commission's rejection of their proposed deal.** The agreement calls for PNM Resources stockholders to receive \$50.30 in cash for each of their shares. However, the New Mexico regulators rejected a settlement agreement. In February, the companies appealed this to the state Supreme Court. This is expected to take 12-18 months.

**We think the stock is trading as if the transaction will not be completed.** The stock has moved up in price of late mainly because utility stocks in general have fared well in recent weeks. The recent quotation is 5% below the buyout price. **Another appeal is pending before the New Mexico Supreme Court.** This involves the utility's request to abandon its stake in the Four Corners and recover its undepreciated investment by issuing securitized bonds. However, the commission denied PNM's request.

**We expect significant earnings improvement in 2022, followed by further growth in 2023.** The key factor this year is a \$285 million acquisition of transmission assets in late 2021. This is likely

commercial, 36%; industrial, 8%; other, 14%. Generating sources not available. Fuel costs: 36% of revenues. '21 reported depreciation rates: 2.5%-7.9%. Has 1,600 employees. Chairman, President & 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.

to add \$0.17-\$0.18 to share net. The company will also benefit from load growth and rate relief for TNMP, its utility in Texas, thanks to regulatory mechanisms for transmission and distribution spending. TNMP was granted \$14.2 million, effective March 25th. Our share-net estimates are within the company's guidance of \$2.50-\$2.60 for 2022 and \$2.60-\$2.75 for 2023. Note that Public Service of New Mexico plans to file a rate case in December, but any rate relief won't come in time to help boost 2023 profits much, if at all.

**The board of directors raised the dividend in the first quarter.** The hike was \$0.02 a share (6.1%) quarterly. The timing of the declaration was delayed from December because PNM Resources was anticipating completion of the deal with AVANGRID. Thus, there will probably be five declarations this year, versus only three in 2021.

**This untimely stock's dividend yield does not stand out among utilities.** It isn't notable for 3- to 5-year total return potential, either. The difficult regulatory climate in New Mexico is a disadvantage. *Paul E. Debbas, CFA* April 22, 2022

(A) Dil. EPS. Excl. nonrec. gain (losses): '08, (\$3.77); '10, (\$1.36); '11, 88c; '13, (16c); '15, (\$1.28); '17, (92c); '18, (59c); '19, (\$1.31). Excl. gains from disc. ops.: '08, 42c; '09, 78c. Next egs. report due late April. (B) Div'ds paid mid-Feb., May, Aug., & Nov. = Div'd reinv. plan avail. 3 div'ds decl. in '21, 5 expected in '22. (C) Incl. intang. In '21: \$10.86/sh. (D) In mill., adj. for split. (E) Rate base: net orig. cost. Rate all'd on com. eq. in NM in '18: 9.575%; in TX in '11: 10.125%; earned on avg. com. eq., '21: 9.3%. Reg. Climate: NM, Below Avg.; TX, Avg.

<b>Company's Financial Strength</b>	B++
<b>Stock's Price Stability</b>	85
<b>Price Growth Persistence</b>	75
<b>Earnings Predictability</b>	75

**To subscribe call 1-800-VALUELINE**