



2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	© VALUE LINE PUB. LLC	20-22
40.09	19.92	24.11	26.54	30.19	32.25	24.92	22.65	19.01	19.31	21.35	16.85	17.42	18.03	18.07	17.11	18.15	18.75	Revenues per sh	20.30
4.31	2.83	3.05	3.14	3.56	3.57	2.54	1.76	2.32	2.67	3.18	3.38	3.51	3.62	3.98	4.28	4.50	4.65	"Cash Flow" per sh	4.70
2.61	1.07	1.15	1.43	1.56	1.72	.76	.11	.58	.87	1.08	1.31	1.41	1.45	1.64	1.65	1.85	2.00	Earnings per sh <sup>A</sup>	2.50
.53	.57	.61	.63	.79	.86	.91	.61	.50	.50	.50	.58	.68	.76	.80	.88	.97	1.06	Div'd Decl'd per sh <sup>B,†</sup>	1.37
4.51	4.09	2.78	2.25	3.07	4.04	5.94	3.99	3.32	3.25	4.10	3.88	4.37	5.78	7.01	7.53	5.65	5.50	Cap'l Spending per sh	5.50
17.25	16.60	17.84	18.19	18.70	22.09	22.03	18.89	18.90	17.60	19.62	20.05	20.87	22.39	20.78	21.04	23.60	24.50	Book Value per sh <sup>C</sup>	25.50
58.68	58.68	60.39	60.46	68.79	76.65	76.81	86.53	86.67	86.67	79.65	79.65	79.65	79.65	79.65	79.65	80.00	80.00	Common Shs Outst'g <sup>D</sup>	80.00
7.3	15.1	14.7	15.0	17.4	15.6	35.6	NMF	18.1	14.0	14.5	15.0	16.1	18.7	16.8	19.8			Avg Ann'l P/E Ratio	16.0
.37	.82	.84	.79	.93	.84	1.89	NMF	1.21	.89	.91	.95	.90	.98	.85	1.04			Relative P/E Ratio	1.00
2.8%	3.5%	3.6%	2.9%	2.9%	3.2%	3.4%	4.9%	4.8%	4.1%	3.2%	3.0%	3.0%	2.8%	2.9%	2.7%			Avg Ann'l Div'd Yield	3.5%

CAPITAL STRUCTURE as of 12/31/16		1914.0	1959.5	1647.7	1673.5	1700.6	1342.4	1387.9	1435.9	1439.1	1363.0	1450	1500	Revenues (\$mill)	1625
Total Debt	\$2679.8 mill. Due in 5 Yrs \$1602 mill.	59.9	8.1	53.5	80.0	96.6	105.6	113.5	116.3	131.5	132.4	150	160	Net Profit (\$mill)	190
LT Debt	\$2119.4 mill. LT Interest \$110 mill.	5.1%	40.4%	30.4%	32.6%	38.8%	31.4%	31.6%	34.8%	34.5%	33.9%	35.0%	35.0%	Income Tax Rate	35.0%
	(LT interest earned: 2.4x)	--	--	6.4%	7.1%	8.8%	7.2%	1.3%	--	1.3%	1.5%	2.0%	3.0%	AFUDC % to Net Profit	8.0%
Pension Assets	-12/16 \$604.2 mill.	42.0%	45.6%	48.7%	50.4%	51.5%	50.9%	50.0%	47.8%	54.1%	55.7%	53.5%	53.0%	Long-Term Debt Ratio	52.5%
	Oblig. \$688.8 mill.	57.6%	54.0%	51.0%	49.2%	48.1%	48.7%	49.7%	51.9%	45.5%	44.0%	45.5%	46.0%	Common Equity Ratio	46.5%
Pfd Stock	\$11.5 mill. Pfd Div'd \$5.5 mill.	2935.8	3025.4	3214.9	3100.3	3245.6	3277.9	3344.0	3437.1	3633.3	3806.8	4025	4150	Total Capital (\$mill)	4385
	115,293 shs. 4.58%, \$100 par w/o mandatory redemption. Sinking fund began 2/1/84.	2935.4	3192.0	3332.4	3444.4	3627.1	3746.5	3933.9	4270.0	4535.4	4904.7	4900	5050	Net Plant (\$mill)	5270
Common Stock	79,653,624 shs. as of 2/21/17	3.4%	1.9%	3.1%	4.2%	4.5%	5.1%	5.2%	5.1%	5.2%	5.2%	5.5%	5.5%	Return on Total Cap'l	6.0%
	MARKET CAP: \$2.7 billion (Mid Cap)	3.5%	.5%	3.2%	5.2%	6.1%	6.6%	6.8%	6.5%	7.9%	7.8%	8.0%	8.0%	Return on Shr. Equity	9.5%
		3.5%	.5%	3.2%	5.2%	6.1%	6.6%	6.8%	6.5%	7.9%	7.9%	8.0%	8.0%	Return on Com Equity <sup>E</sup>	9.5%
		NMF	NMF	4%	2.2%	3.3%	3.8%	3.7%	3.2%	4.1%	3.7%	3.5%	3.5%	Retained to Com Eq	3.5%
		117%	NMF	86%	58%	47%	43%	45%	51%	49%	54%	52%	53%	All Div'ds to Net Prof	56%

**BUSINESS:** PNM Resources is a holding company with two regulated electric utilities. Its Public Service of New Mexico unit (PNM) provides power generation, transmission, and distribution services across north central New Mexico, including the cities of Albuquerque and Santa Fe. Texas-New Mexico Power Company (TNMP) transmits and distributes power throughout New Mexico. Electric rev. breakdown '16: residential, 29%; commercial, 31%; industrial, 18%; other, 22%. Fuels: coal, 57%; nuclear, 30%; gas/oil, 12%; solar, 1%. Fuel costs: 49% of revenues. '16 depreciation rate: 3.3%. Has 1,881 employees. Chairman, President & CEO: Patricia K. Collawn, Inc.: NM. Address: 414 Silver Ave. SW, Albuquerque, NM. 87102. Tel.: 505-241-2700. Internet: www.pnmresources.com.

**PNM Resources should post solid 2017 results.** Indeed, the Albuquerque-based electric utility recently said that it still expects "ongoing" earnings, excluding certain one-time items, to come in between \$1.77 and \$1.87 a share, this year, up 7%-13% from 2016's \$1.65 tally. Bottom-line growth should accelerate nicely (from sub-1% in 2016), thanks, in large part, to improved performance at Public Service of New Mexico (PSNM), which late last year was granted the majority of an important rate request.

**PNM's regulated power unit is still looking for more.** In last October's rate ruling, New Mexico regulators denied PSNM's request that certain investments like coal scrubbers be added to its rate base. That said, PSNM has since appealed its case to the state's supreme court. It is our understanding that a ruling will likely come no sooner than February, 2018. Still, we suspect the utility would be eligible for retroactive recoveries, assuming it wins its appeal.

**Modest customer growth may limit PNM's longer-term prospects.** PSNM's customer base has recently been growing little, if any. Still, there's some reason for optimism that New Mexico and its economy are on the upswing. We're encouraged, for example, by Facebook's decision to build a large data center in Los Lunas. Home improvement retailer Lowe's and Keter Plastics are also said to be expanding their operations in the state.

**The dividend here is well covered and growing.** To wit, PNM recently increased the quarterly distribution by just over 10%, to 24.25 cents a share. At \$0.97, the current annualized dividend represents a fairly undemanding 52%-55% payout ratio, based on the company's earnings target range for 2017. With that in mind, PNM has said that it may eventually look to return as much as 60% of net income to its shareholders in the form of dividends.

**Shares of PNM Resources are now ranked 2 (Above Average) for relative year-ahead price performance, having moved up a notch on our Timeliness scale since late January.** At the stock's recent quotation, long-term total return potential doesn't stand out, even with the aforementioned dividend.

Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2014	328.9	346.2	413.9	346.9	1435.9
2015	332.9	352.9	417.4	335.9	1439.1
2016	311.0	315.4	400.4	336.2	1363.0
2017	330	335	425	360	1450
2018	340	345	440	375	1500

Cal-endar	EARNINGS PER SHARE <sup>A</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2014	.16	.36	.69	.24	1.45
2015	.21	.44	.76	.23	1.64
2016	.13	.40	.78	.34	1.65
2017	.24	.42	.81	.38	1.85
2018	.26	.45	.88	.41	2.00

Cal-endar	QUARTERLY DIVIDENDS PAID <sup>B,†</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2013	.145	.165	.165	.165	.64
2014	.185	.185	.185	.185	.74
2015	.20	.20	.20	.20	.80
2016	.22	.22	.22	.22	.88
2017	.2425				

(A) EPS dil. Excl. n/r gains (losses): '01, (15¢); '03, 67¢; '05, (56¢); '08, (\$3.77); '10, (\$1.36); '11, 88¢; '13, (16¢); Excl. disc. ops.: '08, 42¢; '09, 78¢. Egs. may not sum due to rounding.

Next egs. rpt. due early May. (B) Div'ds hist. pd. in Feb., May, Aug., Nov. = Div'd reinvest. plan avail. † Shareholder invest. plan avail. (C) Incl. intang. '15: \$3.49/sh. (D) In mill., adjust.

for split. (E) Rate base: net orig. cost. ROE allowed in '11: 10.0%; earned on avg. com. eq., '13: 10.0%. Reg. Climate: Below Avg. (F) Excl. First Choice.

Company's Financial Strength	B
Stock's Price Stability	90
Price Growth Persistence	65
Earnings Predictability	65

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Nils C. Van Liew April 28, 2017