



2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	© VALUE LINE PUB. LLC	26-28
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	26.21	28.40	29.70	Revenues per sh	31.10
2.54	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	6.75	7.05	"Cash Flow" per sh	8.35
.76	.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	2.70	2.85	Earnings per sh ^A	3.35
.91	.61	.50	.50	.50	.58	.68	.76	.82	.90	.99	1.09	1.18	1.25	1.33	1.41	1.49	1.59	Div'd Decl'd per sh ^B = †	1.90
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	10.63	10.75	9.30	Cap'l Spending per sh	9.00
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	25.54	26.65	27.80	Book Value per sh ^C	31.95
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	85.83	88.00	90.00	Common Shs Outst'g ^D	90.00
35.6	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	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	17.0
1.89	NMF	1.21	.89	.91	.95	.90	.98	.94	1.18	1.03	1.05	1.18	1.01	1.08	1.01			Relative P/E Ratio	.95
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%	2.7%	3.0%			Avg Ann'l Div'd Yield	3.3%

CAPITAL STRUCTURE as of 3/31/23
 Total Debt \$4487.4 mill. Due in 5 Yrs \$2262.1 mill.
 LT Debt \$3668.1 mill. LT Interest \$132.0 mill.
 (Total Interest Coverage: 3.1x)
 Leases, Uncapitalized Annual rentals \$19.0 mill.
 Pension Assets-12/22 \$454.0 mill. Oblig \$545.6 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 4/28/23
 MARKET CAP: \$3.9 billion (Mid Cap)

ELECTRIC OPERATING STATISTICS

	2020	2021	2022
% Change Retail Sales (KWH)	NA	NA	NA
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)	1974	1968	2139
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	1.1%	1.2%	1.0%

Fixed Charge Cov. (%) 257 317 289

ANNUAL RATES Past 10 Yrs. 5 Yrs. Est'd '20-'22

of change (per sh)	Past 10 Yrs.	5 Yrs.	Est'd '20-'22
Revenues	1.0%	4.0%	5.0%
"Cash Flow"	7.5%	6.0%	5.0%
Earnings	8.5%	9.0%	5.0%
Dividends	9.5%	8.0%	6.0%
Book Value	2.5%	3.5%	4.0%

QUARTERLY REVENUES (\$ mill.)

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2020	333.6	357.6	472.5	359.3	1523.0
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	550	780	625.9	2500
2024	595	600	825	655	2675

EARNINGS PER SHARE^A

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2020	.18	.55	1.40	.15	2.28
2021	.32	.55	1.37	.21	2.45
2022	.50	.57	1.46	.15	2.69
2023	.55	.55	1.35	.25	2.70
2024	.55	.60	1.40	.30	2.85

QUARTERLY DIVIDENDS PAID^B = †

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2019	.29	.29	.29	.29	1.16
2020	.3075	.3075	.3075	.3075	1.23
2021	.3275	.3275	.3275	.3275	1.31
2022	.3475	.3475	.3475	.3475	1.39
2023	.3675	.3675			

PNM Resources' merger with AVANGRID, Inc. is still in play. The companies remain committed to a deal and have extended their agreement through the end of this year. To recap, PNM shareholders are to receive \$50.30 per share in an all-cash deal. Approval was received from six of the seven necessary state and federal regulatory agencies. The New Mexico Public Regulation Commission (NMPRC) voted against the merger in late 2021, citing concerns over AVANGRID's track record as a utility in the Northeast, a legal investigation of its parent company, Iberdrola of Spain, and potentially higher electric rates. Of these charges, we suspect it was the latter one that was the main stumbling block. The investigation of Iberdrola in its home country was dropped in mid-2022, and AVANGRID's pricing and reliability are no worse than its regional peers.

In March, the companies and the agency that was the main obstacle to the deal agreed to negotiate a conclusion, but the judiciary will be the final arbiter. A joint motion filed with the New Mexico Supreme Court to dismiss an

appeal the companies had made early last year and remand the case back to the NMPRC was denied by the bench in May. The revamped regulatory commission, with newly appointed members, had agreed to a "rehearing and reconsideration to be made in a timely fashion." Unfortunately, the justices are under no such time constraint, as there is no statutory deadline for the court to act. Historically, a decision is reached within 12 to 18 months of an initial appeal, so one would expect a conclusion isn't far off.

This issue's Timeliness rank is suspended, as the buyout is the dominant factor. PNM stock was pricing in high odds of an acquisition earlier this year, but an upcoming court decision is more of a wild card versus the negotiating table route. At the recent price, there is 13% upside (including dividends) to the \$50.30 buyout level and probably 5%-10% downside. Existing shareholders should ride the process out, but we would not advise new investors to get involved unless they are prepared to hold a fairly average electric utility should the merger fail.

Anthony J. Glennon July 21, 2023

(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). 1Q '23, 9c. 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 '22: \$14.94/sh. (D) In mill. (E) Rate base: net orig. cost. Rate allowed on com. eq. in NM in '18: 9.575%; in TX in '11: 10.125%; Regulatory Climate: NM, Below Average.; TX, Average.

Company's Financial Strength B++
Stock's Price Stability 95
Price Growth Persistence 90
Earnings Predictability 95