

ModernGraham Valuation

Company Name:

PNM Resources Inc

Company Ticker PNM

Date of Analysis

8/12/2017



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$3,265,875,280	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.46	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-250.21%	Fail
5. Earnings Growth	PEmg < 20	30.76	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	1.91	Pass
7. Moderate Price to Assets			

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	0.46	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-5.32	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago Score		Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.34
MG Growth Estimate	1.98%
MG Value	\$16.68
MG Value based on 3% Growth	\$19.42
MG Value based on 0% Growth	\$11.38
Market Implied Growth Rate	11.13%

MG Opinion

Current Price	\$41.20
% of Intrinsic Value	246.98%
Opinion	Overvalued
MG Grade	D

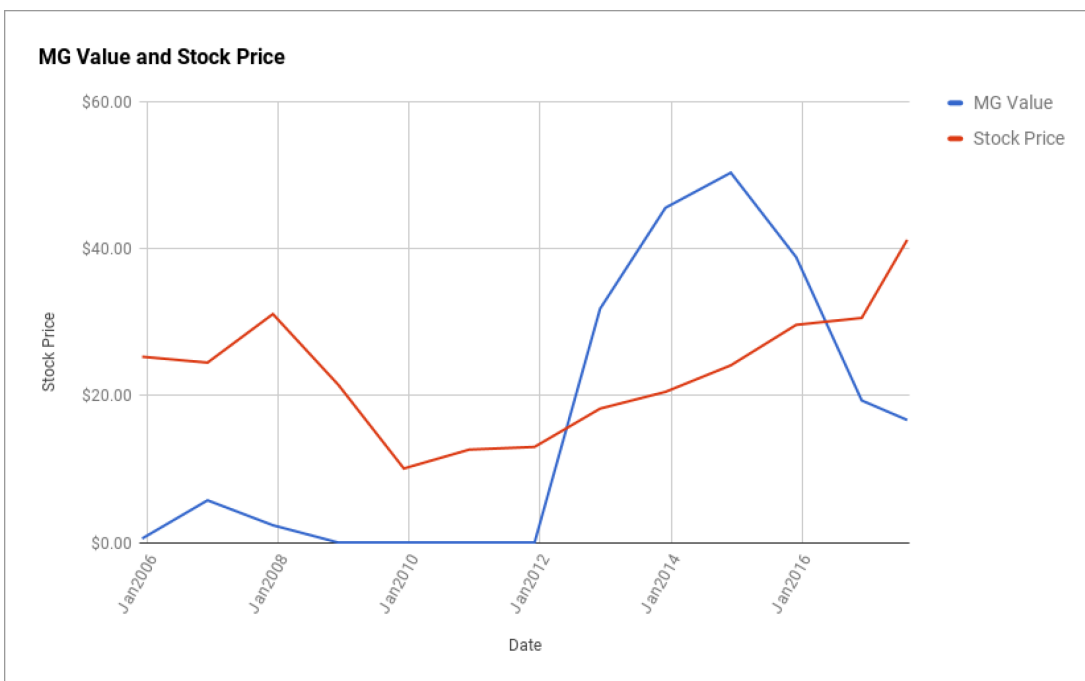
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$56.20
Graham Number	\$29.99
PEmg	30.76
Current Ratio	0.46
PB Ratio	1.91
Current Dividend	\$0.88
Dividend Yield	2.14%
Number of Consecutive Years of Dividend Growth	5

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
Dec2016	\$1.90	Dec2016	\$1.34
Dec2015	\$1.46	Dec2015	\$1.08
Dec2014	\$0.20	Dec2014	\$1.01
Dec2013	\$1.45	Dec2013	\$1.31
Dec2012	\$1.25	Dec2012	\$1.18
Dec2011	\$1.31	Dec2011	\$0.83
Dec2010	\$1.96	Dec2010	\$0.43
Dec2009	-\$0.49	Dec2009	-\$0.21
Dec2008	\$1.36	Dec2008	\$0.07
Dec2007	-\$3.24	Dec2007	-\$0.26
Dec2006	\$0.96	Dec2006	\$1.26
Dec2005	\$1.71	Dec2005	\$1.39
Dec2004	\$0.98	Dec2004	\$1.33
Dec2003	\$1.41	Dec2003	\$1.55
Dec2002	\$1.56	Dec2002	\$1.62
Dec2001	\$1.07	Dec2001	\$1.63
Dec2000	\$2.51	Dec2000	\$1.81
Dec1999	\$1.69	Balance Sheet Information	
Dec1998	\$1.34	6/1/2017	
Dec1997	\$1.30	Total Current Assets	\$353,587,000
	\$1.27	Total Current Liabilities	\$766,570,000
		Long-Term Debt	\$2,199,105,000
		Total Assets	\$6,584,445,000
		Intangible Assets	\$278,297,000
		Total Liabilities	\$4,857,185,000
		Shares Outstanding (Diluted Average)	80,131,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other
ModernGraham
posts about the
company

#N/A

Other
ModernGraham
posts about related
companies

[Public Service Enterprise Group Inc Valuation – July 2017 \\$PEG](#)
[Eversource Energy Valuation – July 2017 \\$ES](#)
[PPL Corp Valuation – June 2017 \\$PPL](#)
[Entergy Corp Valuation – April 2017 \\$ETR](#)
[California Water Service Group Valuation – Initial Coverage \\$CWT](#)
[TransAlta Corporation – Initial Coverage \\$TSE:TA](#)
[Pinnacle West Corp Valuation – March 2017 \\$PNW](#)
[NiSource Inc Valuation – March 2017 \\$NI](#)
[Canadian Utilities Ltd Valuation – Initial Coverage \\$TSE:CU](#)
[American Electric Power Company Inc Valuation – March 2017 \\$AEP](#)