



Q1 2021 Earnings Review

April 30, 2021



Contact Information and Safe Harbor Statement

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Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995

Statements made in this news release for PNM Resources, Inc. ("PNMR"), Public Service Company of New Mexico ("PNM"), or Texas-New Mexico Power Company ("TNMP") (collectively, the "Company") that relate to future events or expectations, projections, estimates, intentions, goals, targets, and strategies are made pursuant to the Private Securities Litigation Reform Act of 1995. Readers are cautioned that all forward-looking statements are based upon current expectations and estimates. PNMR, PNM, and TNMP assume no obligation to update this information. Because actual results may differ materially from those expressed or implied by these forward-looking statements, PNMR, PNM, and TNMP caution readers not to place undue reliance on these statements. PNMR's, PNM's, and TNMP's business, financial condition, cash flow, and operating results are influenced by many factors, which are often beyond their control, that can cause actual results to differ from those expressed or implied by the forward-looking statements. Additionally, there are risks and uncertainties in connection with the proposed acquisition of us by AVANGRID which may adversely affect our business, future opportunities, employees and common stock, including without limitation, (i) the expected timing and likelihood of completion of the pending Merger, including the timing, receipt and terms and conditions of any required governmental and regulatory approvals of the pending Merger that could reduce anticipated benefits or cause the parties to abandon the transaction, (ii) the failure by AVANGRID to obtain the necessary financing arrangement set forth in commitment letter received in connection with the Merger, (iii) the occurrence of any event, change or other circumstances that could give rise to the termination of the Merger Agreement, (iv) the risk that the parties may not be able to satisfy the conditions to the proposed Merger in a timely manner or at all, (v) risks related to disruption of management time from ongoing business operations due to the proposed Merger, and (vi) the risk that the proposed transaction and its announcement could have an adverse effect on the ability of PNMR to retain and hire key personnel and maintain relationships with its customers and suppliers, and on its operating results and businesses generally. For a discussion of risk factors and other important factors affecting forward-looking statements, please see the Company's Form 10-K, Form 10-Q filings and the information included in the Company's Forms 8-K with the Securities and Exchange Commission, which factors are specifically incorporated by reference herein.

Non-GAAP Financial Measures

For an explanation of the non-GAAP financial measures that appear on certain slides in this presentation (ongoing earnings, ongoing earnings per diluted share and ongoing earnings guidance measures), as well as a reconciliation to GAAP measures, please refer to the Company's website at <http://www.pnmresources.com/investors/results.cfm>. Since the future differences between GAAP and ongoing earnings are frequently outside the control of the Company, management is generally not able to estimate the impact of the reconciling items between forecasted GAAP net earnings and ongoing earnings guidance, nor their probable impact on GAAP net earnings without unreasonable effort, therefore, management is generally not able to provide a corresponding GAAP equivalent for ongoing earnings guidance.

AVANGRID and PNM Resources Strategic Merger Update

***Merger announced October 21, 2020,
expected to close in the second half of 2021***

Approvals and expected timeframes:

Filing	Date Filed	Docket No.	Approvals/Clearances	
Proxy filing / Shareholder approval	1/5/2021	N/A	Approved 2/12/2021	<input checked="" type="checkbox"/>
Department of Justice (Hart-Scott-Rodino Clearance)	12/21/2020	20210767	Waiting period expired 1/20/2021	<input checked="" type="checkbox"/>
Committee on Foreign Investment in the United States (CFIUS)	12/11/2020	20-191	Clearance received 2/01/2021	<input checked="" type="checkbox"/>
Federal Communications Commission	1/25/2021	PNM: 0009366813 TNMP: 0009366682	Approved 3/11/2021	<input checked="" type="checkbox"/>
Federal Energy Regulatory Commission (FERC)	11/23/2020	EC21-25-000	Approved 4/20/2021	<input checked="" type="checkbox"/>
Nuclear Regulatory Commission	12/2/2020	STN 50-528, 50-529 and 50-530	Expected May-June	<input type="checkbox"/>
Public Utility Commission of Texas (PUCT)	11/23/2020	51547	Expected May-June: Docket on May 6 PUCT agenda, unanimous settlement filed March 30	<input type="checkbox"/>
New Mexico Public Regulation Commission (NMPRC)	11/23/2020	20-00222-UT	Expected second half of 2021: Settlement discussions continue	<input type="checkbox"/>

Overview and Highlights

Q1 2021 Financial Results and Company Updates

Q1 results show signs of recovery from COVID impacts at PNM and TNMP

2021 guidance affirmed

PNM takes additional steps toward transition to clean energy

TNMP TCOS and DCOS filings recover critical infrastructure investments

Financial Results

	Q1 2021	Q1 2020
GAAP EPS	\$0.20	(\$0.19)
Ongoing EPS	\$0.32	\$0.18

2021 Ongoing EPS Guidance \$2.27 - \$2.37 affirmed

2021 Company Updates

- Settlements filed in PNM and TNMP merger applications
- PNM joined Western Energy Imbalance Market April 1
- Regulatory Updates:
 - PNM filed amended application to exit the Four Corners coal plant in 2024, included plans for seasonal operation beginning in 2023
 - PNM filed to abandon and replace 114 MWs of leased capacity at Palo Verde Nuclear Generating Station (previously announced) with solar and storage resources
 - TNMP Transmission Cost of Service increase approved and implemented March 12, 2021
 - TNMP annual Distribution Cost of Service increase filed on April 5, 2021

Note: Q1 2021 EPS presented on diluted basis, Q1 2020 EPS presented using a non-diluted basis due to the GAAP net loss; for a reconciliation of GAAP to Ongoing EPS, including a description of adjustments, see earnings release issued April 30, 2021

Q1 2021 ESG Highlights

Four Corners Coal Plant Moves to Seasonal Operations



- Begins in Fall of 2023; ensures owners can meet summer peak demand needs while achieving an estimated 20%-25% annual reduction in carbon emissions
- Retains jobs and royalty payments to the Navajo Nation
- PNM continues its plans to exit the plant at the end of 2024



Supporting Communities

- *PNM Resources Foundation awarded \$250k of additional grants to non-profits supporting TNMP communities following the February storms*
- *New Mexico non-profit grants in Q1 focused on reducing homelessness*
- *Joined EarthDay.org in the Great Global Cleanup working together to clean up our communities*



PNM Joins the Western Energy Imbalance Market

- Participation brings substantial benefits to PNM customers
- Gross annual customer savings projected at \$10 million with potential to grow to over \$20 million
- Provides greater utilization of PNM renewables across a larger footprint and quick access to additional low-cost renewable energy when needed

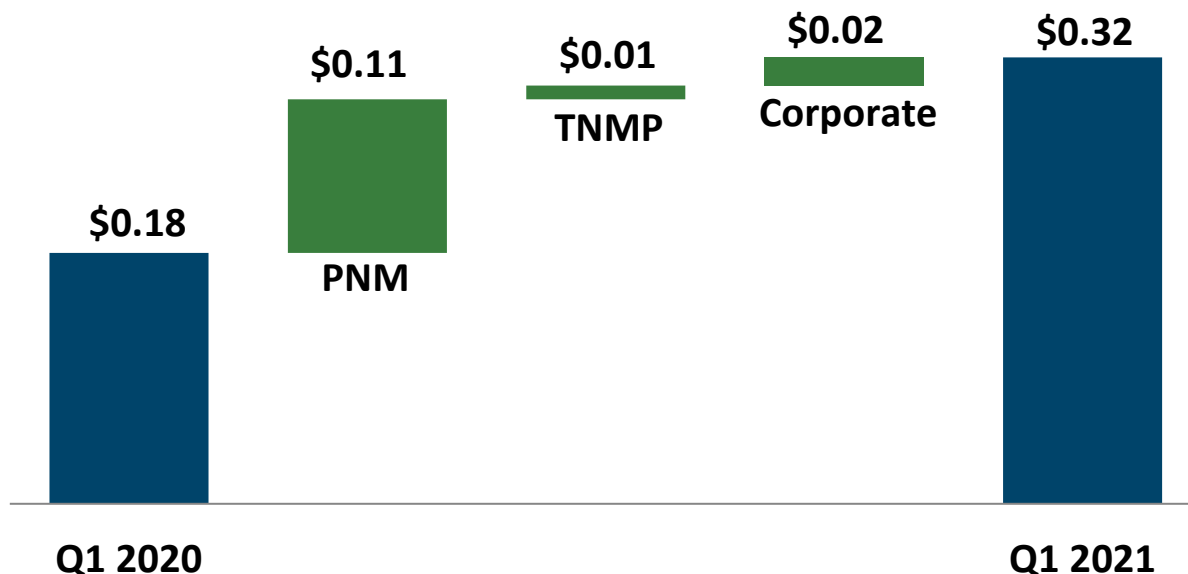
Financial Updates

Q1 2021 Ongoing EPS Financial Summary

Q1 2021 earnings show signs of recovery from COVID impacts along with:

- Interest savings from the refinancing of debt at PNM and the repayment of debt balances at Corporate with proceeds from 2020 equity issuance, partially offset by dilution from additional shares*
- TNMP TCOS and DCOS rate relief*
- Decommissioning/ reclamation trust gains in Q1 2021 compared to losses in Q1 2020 due to COVID-related market volatility*
- Increased operational spending and depreciation expense and property taxes on new investments*

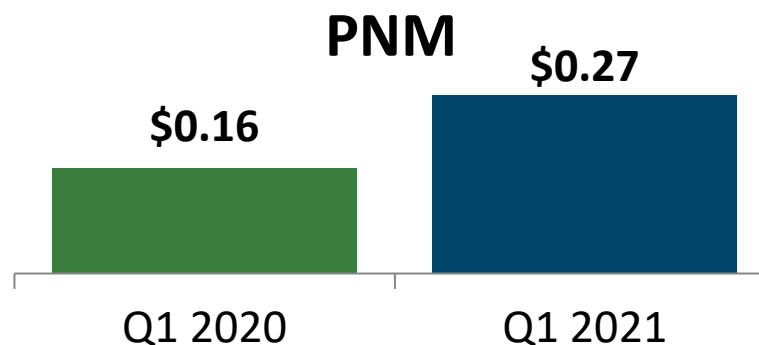
Q1 Earnings Summary



EPS Summary	Q1 2020	Q1 2021	Change
PNM Resources	\$0.18	\$0.32	\$0.14
PNM	\$0.16	\$0.27	\$0.11
TNMP	\$0.09	\$0.10	\$0.01
Corporate/Other	(\$0.07)	(\$0.05)	\$0.02

Q1 2021 vs Q1 2020 EPS (Ongoing): PNM

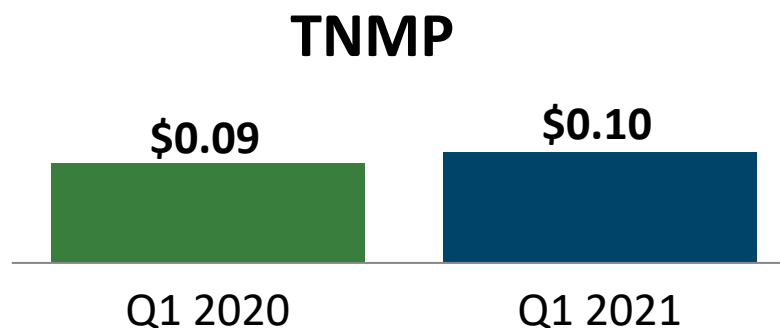
- *Refinancing of debt at lower interest rates in 2020*
- *Decommissioning / reclamation trust gains in Q1 2021 compared to losses in Q1 2020 due to COVID-related market volatility*
- *Colder temperatures and increased residential usage were partially offset by reduced commercial usage due to a full quarter of COVID restrictions in Q1 2021 vs Q1 2020, and the impact of leap year in 2020*
- *Higher transmission margins due to higher network demand and the addition of a new customer*
- *Expected increases in operational spending, including vegetation management*
- *Higher depreciation and property tax expenses on new capital investments*



Q1 2021 Key Performance Drivers	Δ EPS
Interest expense savings	\$0.04
Decommissioning / reclamation trust gains in Q1 2021 vs Losses in Q1 2020 due to COVID-related market volatility	\$0.04
Weather and retail load	\$0.02
FERC transmission margin	\$0.02
Coal mine decommissioning/reclamation expense	\$0.02
AFUDC	\$0.01
O&M increases	(\$0.02)
Depreciation and property tax	(\$0.01)
Expiration of state income tax amortization	(\$0.01)
Dilution from additional shares	(\$0.01)
Other	(\$0.01)

Q1 2021 vs Q1 2020 EPS (Ongoing): TNMP

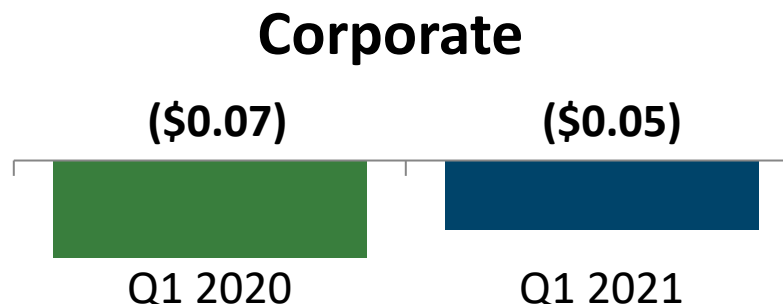
- Rate relief from 2020 TCOS and DCOS filings and the implementation of the first 2021 TCOS increase in March
- Weather-normalized load growth and colder temperatures throughout the quarter offset the reduced load from ERCOT curtailments during February weather events and the impact of leap year in 2020
- Higher depreciation and property tax expenses on new capital investments
- Expected increases in operational spending, including vegetation management



Q1 2021 Key Performance Drivers	Δ EPS
Transmission rate relief (TCOS)	\$0.03
Distribution rate relief (DCOS)	\$0.03
Weather and load	\$0.02
Depreciation and property tax	(\$0.03)
O&M increases	(\$0.02)
Interest expense	(\$0.01)
Other	(\$0.01)

Q1 2021 vs Q1 2020 EPS (Ongoing): Corporate

- *Interest expense savings from the paydown of debt with proceeds from the December 2020 issuance of additional shares*
- *Corporate losses were reduced by the timing of effective tax rate differences that are expected to offset throughout the year*



Q1 2021 Key Performance Drivers	Δ EPS
Interest expense savings	\$0.01
Timing of effective tax rate	\$0.01

Load and Economic Conditions

PNM

New Mexico shows beginning signs of recovery, results improve from the level of COVID-related declines experienced throughout 2020

- Continued customer growth
- Residential growth was more than offset by expected declines in Commercial load (compared to pre-COVID levels in Q1 2020)
- State economic development efforts continue to attract new Industrial customers

PNM	Q1 2021 vs. Q1 2020	2021E
Total Retail Load ⁽¹⁾	(2.1%)	0.5% – 1.5%
PNM Avg. Customers	1.1%	~1.0%

TNMP

Texas demand returns to pre-COVID levels, continued assumption for growth in the second half of 2021

TNMP	Q1 2021 vs. Q1 2020	2021E
Volumetric Load ⁽²⁾	3.1%	2.0% – 3.0%
Demand-Based Load ⁽³⁾	0.0%	4.0% – 5.0%
TNMP Avg. End Users	1.7%	~1.5%

- Volumetric load, adjusted for the estimated impacts of weather and related curtailments, reflects a positive underlying trend
- Demand-based load matches Q1 2020 levels and is poised for growth, consistent with reports of job creation in March 2021
- Continued customer growth

(1) Weather-normalized and leap year adjusted, excludes Economy customers

(2) Primarily Residential per-kwh billings, weather-normalized and leap year adjusted

(3) Commercial and Industrial per-kw monthly peak billings, weather-normalized and leap year adjusted; excludes retail Transmission customers

2021 Consolidated Ongoing Earnings Guidance

*\$2.27 - \$2.37
guidance affirmed*

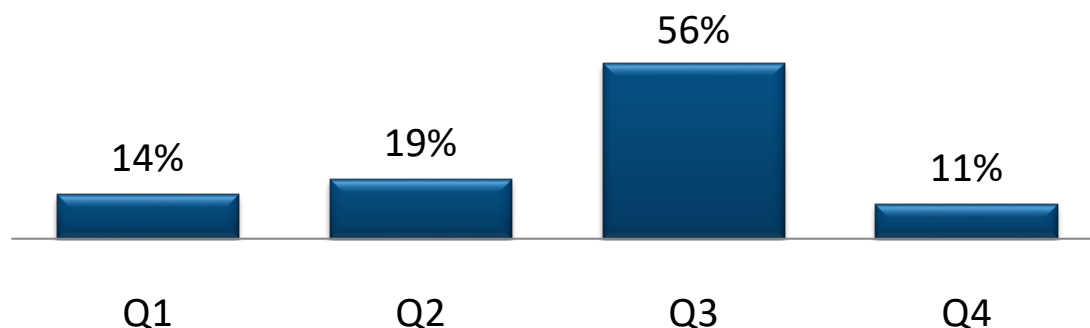
Higher first quarter results show signs of COVID recovery ahead of the load assumptions in guidance, partially offset by the timing of operational spending throughout the year

Earnings continue to be heavily weighted to the third quarter

2021 Earnings Guidance

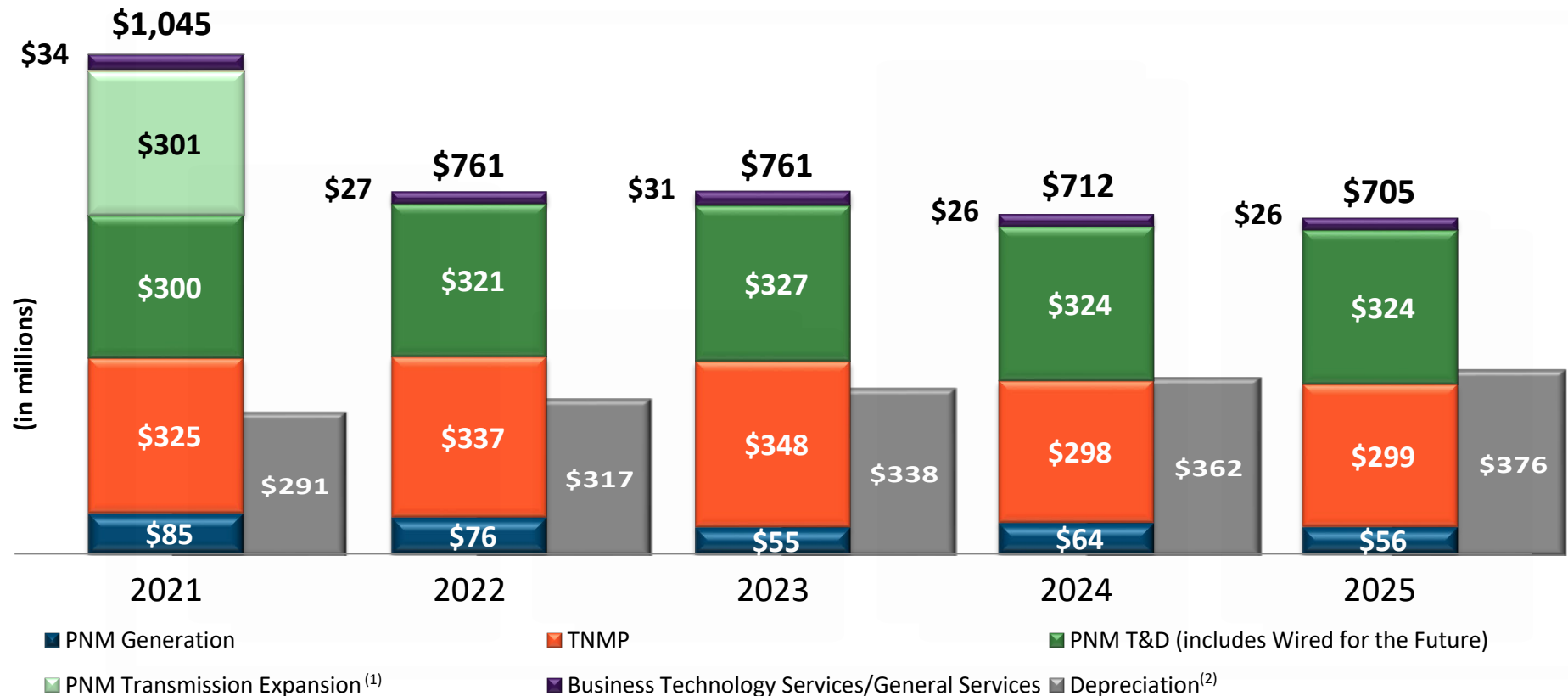


2021 Quarterly Ongoing Earnings Distribution



2021 – 2025 Investment Plan

\$4.0B investment plan focused on T&D infrastructure investments



⁽¹⁾ Western Spirit acquisition of \$310M reflects assumed purchase price of \$385M, net of \$75M customer funding

⁽²⁾ Depreciation does not include amounts associated with NMRD

Appendix



PNM and TNMP Regulatory Agenda

	Filing	Action	Timing	Docket No.
PNM NIMPRC	2020 Integrated Resource Plan	Filed Jan. 29, 2021 (2020 filing date delayed to incorporate San Juan replacement power decision)	Variance to 120-day regulatory timeframe to accept or reject plan has been granted, extended timeframe to be established	21-00033-UT
	Abandonment/Securitization of Four Corners Power Plant	Amended Application filed Mar. 15, 2021	6-month statutory timeframe in Energy Transition Act, extended to 9 months	21-00017-UT
	Palo Verde Leased Capacity Abandonment/Replacement	Filed Apr. 2, 2021	Approval requested by Oct. 4, 2021	21-00083-UT
	Approval of PPAs and ESA for Data Center Expansion	Filed Feb. 8, 2021	Hearings scheduled to begin June 16, 2021	21-00031-UT
	Transportation Electrification Program	Filed Dec. 18, 2020	Hearings scheduled to begin May 24, 2021	20-00237-UT
	Merger transaction approval	Initial Settlement Filed Apr. 20, 2021	Settlement filing due May 7, 2021 with conference scheduled May 11, 2021	20-00222-UT
	Decoupling Filing	Mar. 17, 2021 order granting petition for Declaratory Order	Oral Arguments on Declaratory Order to begin July 15, 2021	20-00121-UT
TNMP	Merger transaction approval	Unanimous Settlement filed Mar. 30, 2021; docket on May 6, 2021 agenda	180-day regulatory timeframe ends May 22, 2021	51547
	TCOS Filing (first 2021 filing)	Approved Mar. 12, 2021, reflecting \$14.1M annual revenue increase and \$112.6M additional rate base	Rates implemented Mar. 12, 2021	51752
	DCOS Filing	Filed Apr. 5, 2021, reflecting \$14.0M annual revenue increase and \$104.5M additional rate base	Rates expected to be implemented on Sept. 1, 2021	51959

Weather Impacts

PNM Heating Degree Days in Q1 2021 were 7% higher than Normal

TNMP Cooling Degree Days in Q1 2021 were 18% higher than Normal, Heating Degree Days were 11% higher than Normal

PNM	Q1 2021	Q1 2020	2021 Normal⁽¹⁾
Heating Degree Days	1,206	1,095	1,126
Cooling Degree Days	0	0	0
Net EPS Impact compared to Normal	\$0.01	\$0.00	

TNMP	Q1 2021	Q1 2020	2021 Normal⁽¹⁾
Heating Degree Days	1,015	711	916
Cooling Degree Days	117	196	99
Net EPS Impact compared to Normal	\$0.01	(\$0.01)	

⁽¹⁾ 2021 normal weather assumption reflects the 20-year average for the period 2001 - 2020



Balance Sheet and Credit Metrics

Liquidity as of April 23, 2021

- *Available liquidity strengthened by the issuance of long-term debt at PNM and TNMP in Q2 2020 and equity issuance in Q4 2020, freeing up capacity on revolving credit facilities*

	PNM	TNMP	Corporate/ Other	PNM Resources Consolidated
Financing Capacity ⁽¹⁾ :	(In millions)			
Revolving credit facilities	\$440.0	\$75.0	\$340.0	\$855.0
As of 4/23/21:				
Short-term debt and LOC balances	4.1	50.5	155.6	210.2
Remaining availability	435.9	24.5	184.4	644.8
Invested cash	-	-	0.9	0.9
Total Available Liquidity ⁽²⁾	435.9	24.5	185.3	645.7

(1) Excludes intercompany debt and term loans

(2) Availability does not reflect \$100.3M reserved to provide liquidity support for pollution control revenue refunding bonds remarketed in weekly mode on July 1, 2020

Selected Balance Sheet Information

(In millions)	Dec 31, 2020	March 31, 2021
Long-Term Debt (incl. current portion) ⁽¹⁾		
PNM	\$1,696.6	\$1,697.2
TNMP	853.7	853.6
Corporate/Other	744.9	664.9
Consolidated	\$3,295.2	\$3,215.7
Total Debt (incl. short-term) ^(1,2)		
PNM	\$1,706.6	\$1,697.2
TNMP	853.7	896.7
Corporate/Other	766.9	819.3
Consolidated	\$3,327.2	\$3,413.2

⁽¹⁾ Net of unamortized debt issuance costs, premiums and discounts

⁽²⁾ Excludes intercompany debt

Amounts may not add due to rounding

Credit Ratings

Investment grade credit ratings at PNM Resources, PNM and TNMP

Merger considered credit positive by S&P and Moody's

- *S&P: PNM Resources and Subsidiaries Outlook Revised to Positive on Announced Acquisition by Avangrid, Inc*
- *Moody's: Acquisition by Avangrid, Inc would be positive and bring long-term benefits to its utilities*

PNMR Consolidated	S&P	Moody's
Issuer rating	BBB	Baa3
Outlook	Positive	Stable
Senior unsecured rating	BBB-	Baa3

PNM	S&P	Moody's
Issuer rating	BBB	Baa2
Outlook	Positive	Stable
Senior unsecured rating	BBB	Baa2
Short-term issuer rating	A-2	P-2

TNMP	S&P	Moody's
Issuer rating	BBB+	A3
Outlook	Positive	Negative
Senior secured rating	A	A1