

3M COMPANY NYSE-MMM

RECENT PRICE **171.68** P/E RATIO **20.6** (Trailing: 21.9 Median: 15.0) RELATIVE P/E RATIO **1.11** DIV'D YLD **2.6%**

VALUE LINE

TIMELINESS 2 Lowered 7/29/16
SAFETY 1 New 7/27/90
TECHNICAL 2 Raised 10/14/16
BETA .95 (1.00 = Market)

High: 87.4 88.4 97.0 84.8 84.3 91.5 98.2 95.5 140.4
 Low: 69.7 67.1 72.9 50.0 40.9 68.0 68.6 82.0 94.0

LEGENDS
 — 15.0 x "Cash Flow" p sh
 ... Relative Price Strength
 2-for-1 split 9/03
 Options: Yes
 Shaded area indicates recession

2019-21 PROJECTIONS

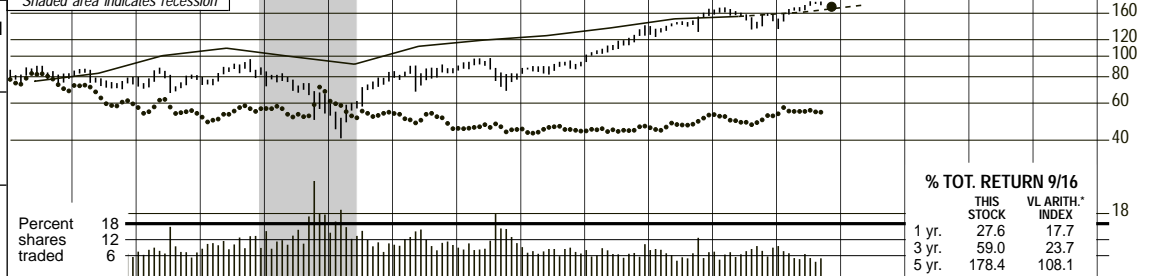
	Price	Gain	Ann'l Total Return
High	240	(+40%)	11%
Low	195	(+15%)	6%

Insider Decisions

	D	J	F	M	A	M	J	J	A
to Buy	0	0	1	0	0	0	0	0	0
Options	0	0	18	0	1	7	2	0	3
to Sell	0	0	5	0	1	4	0	0	4

Institutional Decisions

	4Q2015	1Q2016	2Q2016
to Buy	619	712	648
to Sell	743	701	738
Hlds(000)	404946	400417	399327



2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	© VALUE LINE PUB. LLC	19-21
21.11	20.55	20.94	23.25	25.45	28.05	31.21	34.49	36.43	32.54	37.45	42.61	43.52	46.54	50.10	49.68	50.65	53.25	Sales per sh	66.35
3.64	3.22	3.75	4.29	5.07	5.55	6.71	7.29	6.65	6.12	7.43	7.94	8.34	9.09	10.02	10.29	10.80	11.60	"Cash Flow" per sh	14.65
2.32	1.79	2.50	3.02	3.75	4.12	5.06	5.60	4.89	4.52	5.75	5.96	6.32	6.72	7.49	7.58	8.25	8.95	Earnings per sh ^A	11.70
1.16	1.20	1.24	1.32	1.44	1.68	1.84	1.92	2.00	2.04	2.10	2.20	2.36	2.54	3.42	4.10	4.44	4.84	Div'ds Decl'd per sh ^B	6.00
1.41	1.25	.98	.86	1.19	1.25	1.59	2.01	2.12	1.27	1.53	1.98	2.16	2.51	2.35	2.40	2.15	2.30	Cap'l Spending per sh	2.90
8.24	7.78	7.68	10.06	13.20	13.39	13.56	16.56	14.24	17.96	22.00	22.19	25.58	26.39	20.64	19.21	19.35	20.70	Book Value per sh	23.65
792.17	782.61	779.96	784.12	786.29	754.54	734.36	709.16	693.54	710.60	711.98	694.97	687.09	663.30	635.13	609.33	597.00	585.00	Common Shs Outst'g ^C	550.00
19.9	31.1	24.4	22.8	21.9	18.9	15.2	15.0	14.6	14.1	14.5	14.5	14.1	17.0	19.1	20.6	20.6	20.6	Avg Ann'l P/E Ratio	18.5
1.29	1.59	1.33	1.30	1.16	1.01	.82	.80	.88	.94	.92	.91	.90	.96	1.01	1.04	1.04	1.04	Relative P/E Ratio	1.15
2.5%	2.2%	2.0%	1.9%	1.8%	2.2%	2.4%	2.3%	2.8%	3.2%	2.5%	2.5%	2.7%	2.2%	2.4%	2.6%	2.6%	2.6%	Avg Ann'l Div'd Yield	2.8%

CAPITAL STRUCTURE as of 6/30/16

Total Debt \$11749 mill. Due in 5 Yrs 7683 mill.
 LT Debt \$9299 mill. LT Interest \$120.0 mill.
 (44% of Capital)

Leases, Uncapitalized: Annual rentals \$234 mill.
 Pension Assets-12/15 \$19.6 bill. Oblig. \$22.2 bill.

Preferred Stock None
 Common Stock 604,400,291 shares

MARKET CAP: \$103.8 billion (Large Cap)

CURRENT POSITION (SMILL.)

	2014	2015	6/30/16
Cash Assets	2523	1916	1865
Receivables	4238	4154	4667
Inventory (FIFO)	3706	3518	3613
Other	1298	1398	1291
Current Assets	11765	10986	11436
Accts Payable	1807	1694	1650
Debt Due	106	2044	2450
Other	4085	3380	3154
Current Liab.	5998	7118	7254

22923	24462	25269	23123	26662	29611	29904	30871	31821	30274	30250	31150	Sales (\$mill)	36500
32.3%	29.7%	25.2%	25.8%	26.4%	25.0%	26.0%	26.0%	26.8%	27.7%	29.0%	29.5%	Operating Margin	30.0%
1079.0	1072.0	1153.0	1157.0	1120.0	1236.0	1288.0	1371.0	1408.0	1435.0	1450	1475	Depreciation (\$mill)	1600
3851.0	4096.0	3460.0	3193.0	4169.0	4283.0	4444.0	4659.0	4956.0	4833.0	5000	5300	Net Profit (\$mill)	6500
30.6%	33.9%	33.4%	32.2%	26.2%	27.8%	29.0%	28.1%	28.9%	29.0%	30.0%	30.0%	Income Tax Rate	30.0%
16.8%	16.7%	13.7%	13.8%	15.6%	14.5%	14.9%	15.1%	15.6%	16.0%	16.5%	17.0%	Net Profit Margin	17.8%
1623.0	4476.0	3759.0	5898.0	6126.0	6799.0	7430.0	5235.0	5767.0	3868.0	4750	4750	Working Cap'l (\$mill)	3000
1047.0	4019.0	5166.0	5097.0	4183.0	4484.0	4916.0	4326.0	6731.0	8799.0	9250	9000	Long-Term Debt (\$mill)	6000
9959.0	11747	9879.0	12764	15663	15420	17575	17502	13109	11708	12000	12100	Shr. Equity (\$mill)	13000
35.4%	26.6%	23.6%	18.4%	21.5%	22.0%	20.1%	21.6%	25.3%	23.9%	27.0%	25.5%	Return on Total Cap'l	34.5%
38.7%	34.9%	35.0%	25.0%	26.6%	27.8%	25.3%	26.6%	37.8%	41.3%	41.5%	44.0%	Return on Shr. Equity	50.0%
24.9%	23.1%	20.9%	13.8%	17.0%	17.7%	16.0%	16.7%	20.9%	19.4%	19.5%	20.0%	Retained to Com Eq	24.5%
36%	34%	40%	45%	36%	36%	37%	37%	45%	53%	54%	55%	All Div'ds to Net Prof	51%

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '13-'15 to '19-'21

Sales	6.5%	6.5%	5.5%
"Cash Flow"	7.0%	8.0%	7.0%
Earnings	7.0%	7.5%	8.5%
Dividends	8.5%	10.5%	10.0%
Book Value	6.0%	4.0%	1.0%

QUARTERLY SALES (\$ mill.)

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2013	7634	7752	7916	7569	30871
2014	7831	8134	8137	7719	31821
2015	7578	7686	7712	7298	30274
2016	7409	7662	7750	7429	30250
2017	7600	7900	8000	7650	31150

EARNINGS PER SHARE ^A

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2013	1.61	1.71	1.78	1.62	6.72
2014	1.79	1.91	1.98	1.81	7.49
2015	1.85	2.02	2.05	1.66	7.58
2016	2.05	2.08	2.17	1.95	8.25
2017	2.15	2.30	2.40	2.10	8.95

QUARTERLY DIVIDENDS PAID ^B

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2012	.59	.59	.59	.59	2.36
2013	.635	.635	.635	.635	2.54
2014	.855	.855	.855	.855	3.42
2015	1.025	1.025	1.025	1.025	4.10
2016	1.11	1.11	1.11		

Our overall investment perspective of 3M stock remains largely unchanged. It is still favorably ranked for Timeliness and is expected to outpace the broader market averages for the coming six to 12 months. Given the ongoing unevenness of the global economy, we suspect that investors will continue to be attracted to the equity's favorable risk profile and well-covered dividend. To wit, MMM scores very well for Price Stability and Growth Persistence, and posts our highest mark for Financial Strength. Although the current stock price appears a bit rich, and 3- to 5-year appreciation potential is below average, things are better on a risk-adjusted basis. We think that investors will be willing to pay a premium for the company's steady growth prospects. **However, there are some moving parts here.** Management has continued to streamline the business, selling off parts considered to be peripheral in nature in an effort to better focus on core businesses thought to offer more opportunity. To wit, it recently sold the temporary protective films unit and acquired Switzerland-based medical coding technology company Sem-

finder. The healthy balance sheet and strong cash flow should allow for additional bolt-ons. **We have moderately tweaked our financial presentation for the company.** Second-quarter results came up a bit short of expectations, with earnings of \$2.08 a share falling a couple of pennies shy of our estimate, despite healthy share repurchases. The top line continued to struggle, with currency headwinds and global economic uneasiness causing sales to dip. Management reined in its top- and bottom-line guidance, citing similar concerns. It now looks for the organic local-currency sales comp to be flat to up 1%, down from its previous 1% to 3% outlook, and for share net of \$8.15 to \$8.25, from \$8.10 to \$8.45. We currently look for sales of nearly \$30.3 billion and earnings of \$8.25 for the year, with cost-cutting efforts and share repurchases shouldering the load for top-line softness. Meanwhile, a modest top-line recovery ought to help 3M maintain high single-digit share-net growth in 2017. Still, we would like to see the company unveil a game-changing product.

Andre J. Costanza October 14, 2016

(A) Diluted earnings. Excludes nonrecurring: '00, (10c); '01, (5c); '10, (12c). Excludes discontinued: '06, 47c; '07, 60c. Earnings may not sum due to rounding or changes in shares outstanding. Next earnings report due Oct. 25th.

(B) Dividends historically paid mid-March, June, September, and December. ■ Dividend reinvestment plan available.

(C) In millions, adjusted for stock split.

Company's Financial Strength	A++
Stock's Price Stability	100
Price Growth Persistence	90
Earnings Predictability	95