

BUSINESS: 3M Company is a diversified manufacturer and technology company with operations in more than 70 countries. It is among the leading manufacturers in many of the markets it serves. The conglomerate currently operates five segments: Industrial (34.1% of 2015 sales); Safety & Graphics (18.2%); Health Care (17.9%); Electronics and Energy (17.2%); Consumer (14.6%).

Elimination of dual credit was a 2% drag. 2015 R&D: \$1.8 billion, 5.8% of sales. Employs about 89,446. Officers & directors own less than 1.0% of common stock; State Street 7.4%; The Vanguard Group, 6.6%; BlackRock, 5.7% (3/16 proxy). Chairman, President & CEO: Inge G. Thulin. Incorporated: DE. Address: 3M Center, St. Paul, MN 55144. Telephone: 651-733-1110. Internet: www.3m.com.

Past ANNUAL RATES Past Est'd '13-'15 to '19-'21 of change (per sh) 5 Yrs. 6.5% 8.0% 7.5% 10.5% 4.0% 6.5% 7.0% 7.0% Sales "Cash Flow" 5.5% 7.0% Earnings 8.5% 8.5% 6.0% Dividends Book Value 10.0% 1.0%

11765

1807

5998

106

10986

1694

2044

3380 7118 12179

162

1282

6400

Current Assets

Accts Payable Debt Due

Current Liab.

Cal-			ERLY SALES (\$ mill.)		
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year
2013	7634	7752	7916	7569	30871
2014	7831	8134	8137	7719	31821
2015	7578	7686	7712	7298	30274
2016	7409	7662	7709	7345	30125
2017	7475	7725	7800	7450	30450
Cal-	EARNINGS PER SHARE A				Full
endar	Mar.31	Jun.30	Sep.30	Dec.31	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	2.15	1.90	8.18
2017	2.08	2.15	2.30	2.07	8.60
Cal-	QUARTERLY DIVIDENDS PAID B				Full
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year
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	1.11	4.44
2017					

We suspect that 3M continued to struggle from an operational standpoint in the final quarter of 2016. (December-quarter and full-year results were not due out until January 24th.) In fact, we have reined in our top- and bottom-line expectations after the diversified products maker and Dow-30 component reported disappointing Septemberperiod results and tempered its guidance. Specifically, the company posted share earnings of \$2.15, 5% better than the yearearlier tally, but a couple of pennies short of our estimate, despite more aggressive share repurchases than we had been anticipating. All things being equal, the bottom line increased just 2.5%, on flat sales. We had been calling for a modest top-line uptick, but uneven global economic recoveries and foreign headwinds continued to hurt all five business segments. We think that similar conditions persisted in the fourth-quarter, especially after management narrowed its full-year shareearnings outlook to \$8.15 to \$8.20 and flat organic local currency sales. As such, stock repurchases and margin improvements were probably responsible for the bulk of

the fourth-quarter share-earnings growth we have modeled in.

We are taking a more-cautious stance

We are taking a more-cautious stance regarding this year, too. While we think that stock buybacks and streamlining activities will continue to drive decent shareearnings growth, we've trimmed our estimate a bit as the multinational is likely to face ongoing unevenness and currency headwinds. In all, our prognosis now calls for a mid-single-digit share-net advance, on a 1% sales increase. We were previously expecting 8% and 3% respective growth. Investor sentiment has perked up of **late.** After initially retreating on news of the third-quarter top- and bottom-line misses, the stock has rallied and is trading just shy of its all-time high for price. Unfortunately, the more-recent momentum discounts a healthy portion of the gains we envision out to late decade and the stock no longer stands out for the long haul even on a risk-adjusted basis. In the meantime, the Timeliness rank has slipped a notch, and MMM is now an average selection for the year ahead. Would-be investors are advised to wait for a pullback. Andre J. Costanza January 13, 2017

(A) Diluted earnings. Excludes nonrecurring: '00, (10¢); '01, (5¢); '10, (12¢). Excludes disroincinued: '06, 47¢; '07, 60¢. Earnings may not sum due to rounding or changes in shares out-

standing. Next earnings report due Jan. 24th. (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
Stock's Price Stability
Price Growth Persistence
Earnings Predictability
95