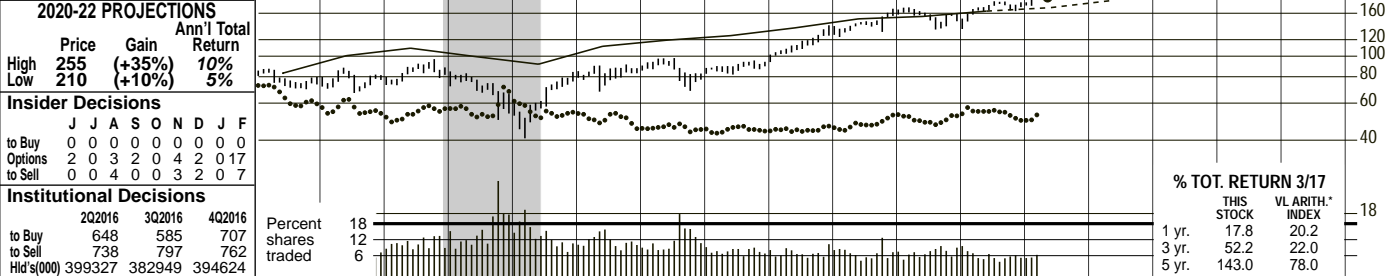


# 3M COMPANY NYSE:MMM

RECENT PRICE **190.19** P/E RATIO **22.4** (Trailing: 23.3; Median: 15.0) RELATIVE P/E RATIO **1.14** DIV'D YLD **2.5%** VALUE LINE

TIMELINESS <b>3</b> Lowered 12/30/16	High: 88.4	97.0	84.8	84.3	91.5	98.2	95.5	140.4	168.2	170.5	182.3	193.5	Target Price Range		
SAFETY <b>1</b> New 7/27/90	Low: 67.1	72.9	50.0	40.9	68.0	68.6	82.0	94.0	123.6	134.0	134.6	173.5	2020	2021	2022
TECHNICAL <b>3</b> Raised 4/7/17	LEGENDS — 15.0 x "Cash Flow" p sh ... Relative Price Strength Options: Yes Shaded area indicates recession														
BETA .90 (1.00 = Market)															



2020-22 PROJECTIONS																			© VALUE LINE PUB. LLC		
High	Low	Price	Gain	Ann'l Total Return															2020	2021	2022
255	210		(+35%)	10%															320		
			(+10%)	5%															200		
Insider Decisions																					
to Buy 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0																					
Options 2 0 3 2 0 4 2 0 1 7																					
to Sell 0 0 4 0 0 3 2 0 1 7																					
Institutional Decisions																					
202016 302016 402016																					
to Buy 648 585 707																					
to Sell 738 797 762																					
Hlds(000) 399327 382949 394624																					
2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	20-22			
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	50.46	52.05	55.25	Sales per sh	66.65		
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	10.29	10.93	11.35	12.30	13.30	"Cash Flow" per sh	15.45		
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	8.16	8.65	9.40	Earnings per sh A	12.25		
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	4.74	5.10	Div's Decl'd per sh B=C	6.40		
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	2.38	2.50	2.45	Cap'l Spending per sh	2.90		
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	17.33	17.95	17.55	Book Value per sh	22.20		
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	596.73	585.00	570.00	Common Shs Outst'g C	540.00		
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	19.5	19.5	Avg Ann'l P/E Ratio	19.0		
1.59	1.33	1.30	1.16	1.01	.82	.80	.88	.94	.92	.91	.90	.96	1.01	1.04	1.05	1.05	1.05	Relative P/E Ratio	1.20		
2.2%	2.0%	1.9%	1.8%	2.0%	2.4%	2.3%	2.8%	3.2%	2.5%	2.5%	2.7%	2.2%	2.4%	2.6%	2.6%	2.6%	2.6%	Avg Ann'l Div'd Yield	2.7%		

CAPITAL STRUCTURE as of 12/31/16																			
Total Debt \$11650 mill. Due in 5 Yrs 4887 mill. LT Debt \$10678 mill. LT Interest \$182.4 mill. (24% of Capital)																			
24462	25269	23123	26662	29611	29904	30871	31821	30274	30109	30450	31500	30000	30000	30000	30000	30000	30000	Sales (\$mill)	36000
29.7%	25.2%	25.8%	26.4%	25.0%	26.0%	26.0%	26.8%	27.7%	28.9%	29.5%	30.0%	29.5%	30.0%	29.5%	29.5%	29.5%	29.5%	Operating Margin	31.0%
1072.0	1153.0	1157.0	1120.0	1236.0	1288.0	1371.0	1408.0	1435.0	1474	1510	1550	1510	1550	1510	1550	1510	1550	Depreciation (\$mill)	1700
4096.0	3460.0	3193.0	4169.0	4283.0	4444.0	4659.0	4956.0	4833.0	5050	5125	5450	5125	5450	5125	5450	5125	5450	Net Profit (\$mill)	6650
33.9%	33.4%	32.2%	26.2%	27.8%	29.0%	28.1%	28.9%	29.0%	28.3%	29.0%	30.0%	29.0%	30.0%	29.0%	30.0%	29.0%	30.0%	Income Tax Rate	30.0%
16.7%	13.7%	13.8%	15.6%	14.5%	14.9%	15.1%	15.6%	16.0%	16.8%	16.8%	17.3%	16.8%	17.3%	16.8%	17.3%	16.8%	17.3%	Net Profit Margin	18.5%
4476.0	3759.0	5898.0	6126.0	6799.0	7430.0	5235.0	5767.0	3868.0	5507	5050	4250	5050	4250	5050	4250	5050	4250	Working Cap'l (\$mill)	4675
4019.0	5166.0	5097.0	4183.0	4484.0	4916.0	4326.0	6731.0	8799.0	10678	10000	9500	10000	9500	10000	9500	10000	9500	Long-Term Debt (\$mill)	7500
11747	9879.0	12764	15663	15420	17575	17502	13109	11708	10343	10500	10000	10343	10000	10343	10000	10343	10000	Shr. Equity (\$mill)	12000
26.6%	23.6%	18.4%	21.5%	22.0%	20.1%	21.6%	25.3%	23.9%	24.5%	25.5%	28.5%	23.9%	24.5%	25.5%	28.5%	23.9%	24.5%	Return on Total Cap'l	34.0%
34.9%	35.0%	25.0%	26.6%	27.8%	25.3%	26.6%	37.8%	41.3%	48.8%	49.0%	54.5%	41.3%	48.8%	49.0%	54.5%	41.3%	48.8%	Return on Shr. Equity	55.5%
23.1%	20.9%	13.8%	17.0%	17.7%	16.0%	16.7%	20.9%	19.4%	20.6%	22.0%	25.0%	19.4%	20.6%	22.0%	25.0%	19.4%	20.6%	Retained to Com Eq	26.5%
34%	40%	45%	36%	36%	37%	37%	45%	53%	53%	55%	54%	53%	53%	55%	54%	53%	53%	All Div's to Net Prof	52%

**MARKET CAP: \$114.0 billion (Large Cap)**

**CURRENT POSITION (SMILL.)**

	2014	2015	12/31/16
Cash Assets	2523	1916	2678
Receivables	4238	4154	4392
Inventory (FIFO)	3706	3518	3385
Other	1298	1398	1271
<b>Current Assets</b>	<b>11765</b>	<b>10986</b>	<b>11726</b>
Accts Payable	1807	1694	1798
Debt Due	106	2044	972
Other	4085	3380	3449
<b>Current Liab.</b>	<b>5998</b>	<b>7118</b>	<b>6219</b>

**Leases, Uncapitalized:** Annual rentals \$210 mill.  
**Pension Assets-12/16** \$19.7 bill. **Oblig.** \$22.8 bill.

**Preferred Stock None**  
**Common Stock** 596,726,278 shares

**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 (34.3% of 2016 sales); Safety & Graphics (18.8%); Health Care (18.4%); Electronics and Energy (16.0%); Consumer (14.9%).

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '13-'15 to '20-'22
of change (per sh)			
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%

Cal-endar	QUARTERLY SALES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2014	7831	8134	8137	7719	31821
2015	7578	7686	7712	7298	30274
2016	7409	7662	7709	7329	30109
2017	7475	7725	7800	7450	30450
2018	7700	7950	8100	7750	31500

Cal-endar	EARNINGS PER SHARE A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
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	1.88	8.16
2017	2.08	2.22	2.30	2.05	8.65
2018	2.25	2.40	2.50	2.25	9.40

Cal-endar	QUARTERLY DIVIDENDS PAID B=C				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
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	1.175				

**3M is likely to continue to have a tough go of it for the foreseeable future, from an operational standpoint.** Although the company reported a 13% year-over-year earnings advance in the fourth quarter, the gain was largely a product of share repurchases. All things being equal, earnings increased a more-moderate 2%. And even this was mainly driven by margin improvement, as sales improved just 0.4%. Foreign operations remained a big drag, as uneven global economies and currency headwinds offset better domestic results. This was the case for most of the year, and guidance looks for similar problems to persist. Management kept intact its 2017 guidance, calling for share earnings of \$8.45 to \$8.80 and a 1% to 3% local currency sales advance. **Our 2017 and 2018 estimates look for the same.** We sit marginally above the midpoint of management's share-earnings call for this year, at \$8.65, and are introducing a \$9.40 forecast for 2018. Share repurchases and margin expansion are expected to remain the catalysts, with top-line growth pegged at 1% and 3%, respectively.

**Management continues to tweak the business model.** Divestitures and acquisitions have been commonplace here for some time as the company continues to attempt to strengthen its core business. Most recently, 3M announced that it will add Scott Safety to the fold, and sold off its safety prescription eyewear operation. While such moves ought to help better position 3M for the long haul, we have yet to see a purchase that will help reinvigorate the top line as we had hoped. **This equity has continued to rally and is up about 7% in value since our January review.** However, the recent price momentum discounts a fair portion of the upside we envision out to 2020-2022, thus leaving capital appreciation potential limited out to that time. While MMM's Safety profile and income component will likely add some appeal for risk-averse parties, we think that prospective accounts would be wise to wait for a pullback before staking a claim here. The company's finances are healthy, but developing/finding the next big-thing product is easier said than done.

*Andre J. Costanza*  
*April 14, 2017*

(A) Diluted earnings. Excludes nonrecurring: '01, (5c); '10, (12c). Excludes discontinued: '06, 47c; '07, 60c. Earnings may not sum due to rounding or changes in shares outstanding.  
(B) Dividends historically paid mid-March, June, September, and December. ■ Dividend reinvestment plan available.  
(C) In millions.

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

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