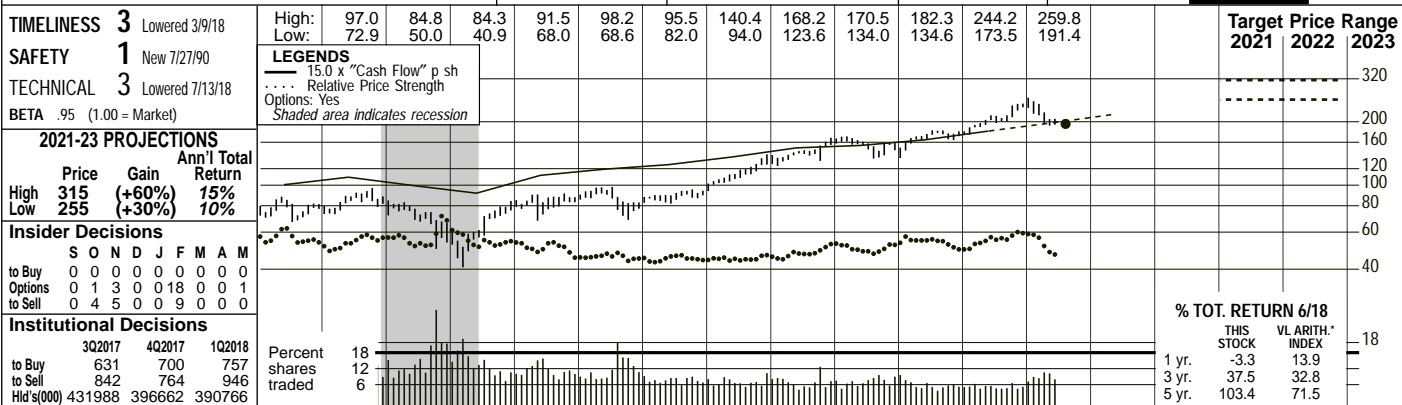


# 3M COMPANY NYSE-MMM

RECENT PRICE **195.52** P/E RATIO **18.8** (Trailing: 20.6 Median: 16.0) RELATIVE P/E RATIO **1.02** DIV'D YLD **2.8%**

**VALUE LINE**



2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	© VALUE LINE PUB. LLC	21-23
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	53.22	<b>56.90</b>	<b>60.35</b>	Sales per sh	<b>73.65</b>
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	10.93	12.04	13.20	<b>14.50</b>	<b>14.50</b>	"Cash Flow" per sh	<b>18.25</b>
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	9.17	<b>10.40</b>	<b>11.40</b>	Earnings per sh <sup>A</sup>	<b>14.25</b>
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	4.70	<b>5.44</b>	<b>5.82</b>	Div'ds Decl'd per sh <sup>B</sup>	<b>7.10</b>
.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	2.31	<b>2.25</b>	<b>2.35</b>	Cap'l Spending per sh	<b>3.00</b>
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	17.26	19.44	<b>23.55</b>	<b>26.30</b>	Book Value per sh	<b>33.65</b>
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	594.88	<b>590.00</b>	<b>580.00</b>	Common Shs Outst'g <sup>C</sup>	<b>550.00</b>
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	22.3	<b>Bold figures are Value Line estimates</b>		Avg Ann'l P/E Ratio	<b>20.0</b>
1.33	1.30	1.16	1.01	.82	.80	.88	.94	.92	.91	.90	.96	1.01	1.04	1.08	1.12			Relative P/E Ratio	<b>1.10</b>
2.00	1.90	1.80	2.20	2.40	2.30	2.80	3.20	2.50	2.50	2.70	2.20	2.40	2.60	2.60	2.30			Avg Ann'l Div'd Yield	<b>2.5%</b>

CAPITAL STRUCTURE as of 3/31/18				2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total Debt \$15660 mill. Due in 5 Yrs \$8397 mill. LT Debt \$12211 mill. LT Interest \$259.1 mill. (53% of Capital)				25269	23123	26662	29611	29904	30871	31821	30274	30109	31657	<b>33575</b>	<b>35000</b>	Sales (\$mill)	<b>40500</b>				
Leases, Uncapitalized: Annual rentals \$258 mill. Pension Assets-12/17 \$22.4 bill. Oblig. \$24.9 bill.				25.2%	25.8%	26.4%	25.0%	26.0%	26.0%	26.8%	27.7%	28.9%	29.6%	<b>29.5%</b>	<b>30.0%</b>	Operating Margin	<b>31.0%</b>				
Preferred Stock None				1153.0	1157.0	1120.0	1236.0	1288.0	1371.0	1408.0	1435.0	1474.0	1544.0	<b>1500</b>	<b>1600</b>	Depreciation (\$mill)	<b>1925</b>				
Common Stock 593,692,282 shares				3460.0	3193.0	4169.0	4283.0	4444.0	4659.0	4956.0	4833.0	5050.0	5620.0	<b>6300</b>	<b>6800</b>	Net Profit (\$mill)	<b>8100</b>				
MARKET CAP: \$116.1 billion (Large Cap)				33.4%	32.2%	26.2%	27.8%	29.0%	28.1%	28.9%	29.0%	28.3%	25.4%	<b>21.0%</b>	<b>21.5%</b>	Income Tax Rate	<b>22.0%</b>				
CURRENT POSITION (SMILL.)				13.7%	13.8%	15.6%	14.5%	14.9%	15.1%	15.6%	16.0%	16.8%	17.8%	<b>18.8%</b>	<b>19.4%</b>	Net Profit Margin	<b>20.0%</b>				
Cash Assets				3759.0	5898.0	6126.0	6799.0	7430.0	5235.0	5767.0	3868.0	5507.0	6590.0	<b>8000</b>	<b>10000</b>	Working Cap'l (\$mill)	<b>11000</b>				
Receivables				5166.0	5097.0	4183.0	4484.0	4916.0	4326.0	6731.0	8799.0	10723	12156	<b>11000</b>	<b>10000</b>	Long-Term Debt (\$mill)	<b>7000</b>				
Inventory (FIFO)				9879.0	12764	15663	15420	17575	17502	13109	11708	10298	11563	<b>13900</b>	<b>15250</b>	Shr. Equity (\$mill)	<b>18500</b>				
Other				23.6%	18.4%	21.5%	22.0%	20.1%	21.6%	25.3%	23.9%	24.4%	24.3%	<b>26.0%</b>	<b>26.5%</b>	Return on Total Cap'l	<b>27.0%</b>				
Current Assets				35.0%	25.0%	26.6%	27.8%	25.3%	26.6%	37.8%	41.3%	49.0%	48.6%	<b>45.5%</b>	<b>44.5%</b>	Return on Shr. Equity	<b>44.0%</b>				
Accts Payable				20.9%	13.8%	17.0%	17.7%	16.0%	16.7%	20.9%	19.4%	23.0%	24.4%	<b>22.0%</b>	<b>22.5%</b>	Retained to Com Eq	<b>22.5%</b>				
Debt Due				40%	45%	36%	36%	37%	37%	45%	53%	53%	50%	<b>51%</b>	<b>50%</b>	All Div'ds to Net Prof	<b>49%</b>				
Other				<b>BUSINESS:</b> 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 (34.5% of 2017 sales); Safety & Graphics (19.4%); Health Care (18.4%); Electronics and Energy (16.3%); Consumer (14.5%).																	
Current Liab.				<b>Shares of 3M have continued to slide in recent months.</b> Indeed, they have slipped another 9% in value since our April review and are now trading 25% off the all-time high set in January. Wall Street grew even more uneasy following the release of the company's first-quarter results and updated guidance.																	

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2015	7578	7686	7712	7298	30274
2016	7409	7662	7709	7329	30109
2017	7685	7810	8172	7990	31657
2018	8278	<b>8410</b>	<b>8625</b>	<b>8262</b>	<b>33575</b>
2019	<b>8600</b>	<b>8750</b>	<b>9000</b>	<b>8650</b>	<b>35000</b>

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2015	1.85	2.02	2.05	1.66	7.58
2016	2.05	2.08	2.15	1.88	8.16
2017	2.16	2.58	2.33	2.10	9.17
2018	2.50	<b>2.63</b>	<b>2.80</b>	<b>2.47</b>	<b>10.40</b>
2019	<b>2.75</b>	<b>2.90</b>	<b>3.00</b>	<b>2.75</b>	<b>11.40</b>

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
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	1.175	1.175	1.175	4.70
2018	1.360	1.360			

**March-quarter results were healthy, but disappointed as a whole.** Specifically, the diversified products maker posted earnings posted adjusted earnings of \$2.50 a share, 16% better than the year-earlier tally, but a nickel shy of our expectation. Sales improved a better-than-anticipated 7.7% and the Tax Cuts and Jobs Act chipped in, but margin improvement stalled due to growth investments. The pressures were most notable at the Commercial segment, with the margin there declining a couple of basis points compared to the like-2017 quarter figure. **Guidance failed to inspire us.** Management narrowed its full-year share-net forecast to between \$10.20 and \$10.55, from its earlier \$10.20 to \$10.70 range. It followed suit with its top-line outlook, too, now calling for organic local-currency sales growth of 3%-4%, a percentage point lower at the upper end than previous guidance. The operating income projection suggests continued margin pressures, and a flattish 2018 result. **We have reined in our financial assumptions for this year and 2019.** Margin pressures and slower-than-originally-thought top-line growth has prompted us to trim our 2018 share-net call by \$0.20, to \$10.40. Meantime, we've cut our 2019 estimate by a dime, to \$11.40 a share. **We think that the recent share-price weakness is overdone and partly unwarranted.** Thus, we advise buy-and-hold investors to use the pullback as a means to initiate a position here. Despite the aforementioned near-term margin concerns, the company has a number of tailwinds working in its favor, including solid cash flow generation, which management has historically used to reward shareholders. Meanwhile, ongoing restructuring efforts are likely to aid margins going forward. All things considered, we think that MMM will deliver solid, risk-adjusted 3- to 5-year total return potential.

*Andre J. Costanza* July 13, 2018

(A) Diluted earnings. Excludes nonrecurring: '10, (12c). Excludes discontinued: '06, 47c; '07, 60c; '17, (\$1.24); '18 (\$1.52). Earnings may not sum due to rounding or changes in shares outstanding. Next earnings report due late July. (B) Dividends historically paid mid-March, June, September, and December. (C) 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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