

3M COMPANY NYSE-MMM

RECENT PRICE **174.51** P/E RATIO **18.5** (Trailing: 18.6; Median: 18.0) RELATIVE P/E RATIO **1.08** DIV'D YLD **3.3%**

VALUE LINE

TIMELINESS 4 Lowered 7/5/19
SAFETY 1 New 7/27/90
TECHNICAL 5 Lowered 7/5/19
 BETA .95 (1.00 = Market)

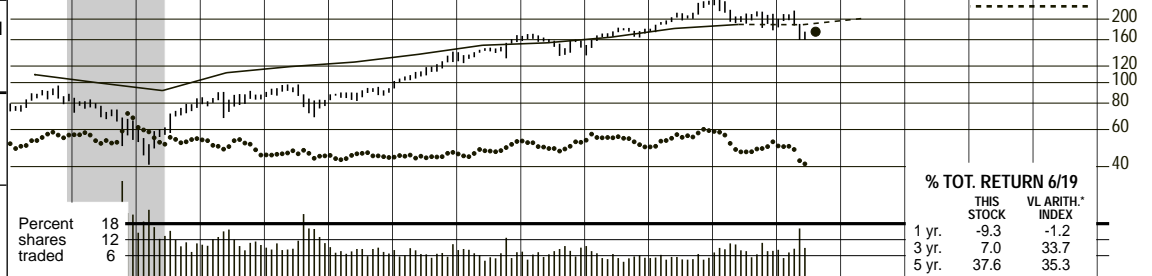
High: 84.8 84.3 91.5 98.2 95.5 140.4 168.2 170.5 182.3 244.2 259.8 219.8
 Low: 50.0 40.9 68.0 68.6 82.0 94.0 123.6 134.0 134.6 173.5 176.9 159.3

LEGENDS
 — 15.0 x "Cash Flow" p sh
 ... Relative Price Strength
 Options: Yes
 Shaded area indicates recession

2022-24 PROJECTIONS
 Ann'l Total
 Price Gain Return
 High 280 (+60%) 14%
 Low 230 (+30%) 9%

Insider Decisions
 S O N D J F M A M
 to Buy 0 1 0 0 0 0 0 0 2
 Options 1 1 1 0 0 16 0 1 2
 to Sell 1 0 0 0 0 9 0 1 1

Institutional Decisions
 3Q2018 4Q2018 1Q2019
 to Buy 801 794 891
 to Sell 820 926 851
 Hlds(000) 392107 391083 386431



2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	© VALUE LINE PUB. LLC 22-24	
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	56.83	57.35	60.35	Sales per sh	71.45
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	13.00	12.55	13.50	13.50	"Cash Flow" per sh	17.00
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	9.98	9.45	10.35	Earnings per sh ^A	13.50
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	5.44	5.76	6.18	Div'ds Decl'd per sh ^B	7.12
.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	2.74	2.75	2.85	Cap'l Spending per sh	3.25
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	16.99	18.60	19.80	Book Value per sh	28.55
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	576.58	565.00	555.00	Common Shs Outst'g ^C	525.00
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	21.1			Avg Ann'l P/E Ratio	19.0
1.30	1.16	1.01	.82	.80	.88	.94	.92	.91	.90	.96	1.01	1.04	1.08	1.12	1.14			Relative P/E Ratio	1.05
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%	2.3%	2.6%			Avg Ann'l Div'd Yield	2.8%

CAPITAL STRUCTURE as of 3/31/19
 Total Debt \$16625 mill. Due in 5 Yrs \$9515 mill.
 LT Debt \$15580 mill. LT Interest \$390.0 mill.
 (61% of Capital)
 Leases, Uncapitalized: Annual rentals \$283 mill.
 Pension Assets-12/17 \$21.0 bill. Oblig. \$22.9 bill.
 Preferred Stock None
 Common Stock 576,426,706 shares
 MARKET CAP: \$101 billion (Large Cap)

23123	26662	29611	29904	30871	31821	30274	30109	31657	32765	32400	33500	Sales (\$mill)	37500
25.8%	26.4%	25.0%	26.0%	26.0%	26.8%	27.7%	28.9%	29.6%	28.4%	27.5%	28.0%	Operating Margin	29.5%
1157.0	1120.0	1236.0	1288.0	1371.0	1408.0	1435.0	1474.0	1544.0	1488.0	1500	1550	Depreciation (\$mill)	1775
3193.0	4169.0	4283.0	4444.0	4659.0	4956.0	4833.0	5050.0	5620.0	6006.0	5600	5950	Net Profit (\$mill)	7150
32.2%	26.2%	27.8%	29.0%	28.1%	28.9%	29.0%	28.3%	25.4%	20.9%	21.0%	21.5%	Income Tax Rate	22.0%
13.8%	15.6%	14.5%	14.9%	15.1%	15.6%	16.0%	16.8%	17.8%	18.3%	17.3%	17.8%	Net Profit Margin	19.1%
5898.0	6126.0	6799.0	7430.0	5235.0	5767.0	3868.0	5507.0	6590.0	6465.0	6750	6500	Working Cap'l (\$mill)	7500
5097.0	4183.0	4484.0	4916.0	4326.0	6731.0	8799.0	10723	12156	13411	14500	13500	Long-Term Debt (\$mill)	10000
12764	15663	15420	17575	17502	13109	11708	10298	11563	9848.0	10500	11000	Shr. Equity (\$mill)	15000
18.4%	21.5%	22.0%	20.1%	21.6%	25.3%	23.9%	24.4%	24.3%	26.4%	23.0%	24.5%	Return on Total Cap'l	28.5%
25.0%	26.6%	27.8%	25.3%	26.6%	37.8%	41.3%	49.0%	48.6%	NMF	NMF	NMF	Return on Shr. Equity	47.5%
13.8%	17.0%	17.7%	16.0%	16.7%	20.9%	19.4%	23.0%	24.4%	27.8%	22.0%	22.5%	Retained to Com Eq	22.5%
45%	36%	36%	37%	37%	45%	53%	53%	50%	54%	60%	58%	All Div'ds to Net Prof	53%

CURRENT POSITION (SMILL.)
 Cash Assets 4129 3233 3477
 Receivables 4911 5020 5173
 Inventory (FIFO) 4034 4366 4538
 Other 1203 1090 1186
 Current Assets 14277 13709 14374
 Accts Payable 1945 2266 2309
 Debt Due 1853 1211 1045
 Other 3889 3767 3771
 Current Liab. 7687 7244 7125

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 (37.4% of 2018 sales); Safety & Graphics (20.8%); Health Care (18.4%); Electronics and Energy (16.7%); Consumer (14.6%).

Elimination of Dual Credit was a 7.9% drag. 2018 R&D: \$1.8 billion, 5.6% of sales. Employs about 93,516. Officers & directors own less than 1.0% of common stock; The Vanguard Group, 8.5%; State Street, 7.3%; BlackRock, 6.7% (3/19 proxy). CEO: Michael F. Roman. Chairman: Inge G. Thulin. Inc.: DE. Address: 3M Center, St. Paul, MN 55144. Tel.: 651-733-1110. Internet: www.3m.com.

ANNUAL RATES Past Past Est'd '16-'18
 of change (per sh) 10 Yrs. 5 Yrs. to '22-'24
 Sales 4.5% 3.5% 6.0%
 "Cash Flow" 5.5% 7.0% 6.0%
 Earnings 6.0% 7.5% 7.0%
 Dividends 9.5% 15.5% 6.5%
 Book Value 2.0% -6.5% 8.5%

3M stock has declined sharply in price since our April review and is trading at a multi year low not seen since early 2016. Already jittery investors soured further on these shares after the industrial conglomerate released disappointing first-quarter financial results and reined in guidance.

local-currency sales of minus 1% to plus 2%. It had been forecasting 1%-4% growth. **We have tempered our expectations.** Our share-net estimate now sits at \$9.45. While top-line concerns such as the ongoing trade war between the United States and China are partly responsible, we are also modeling for continued margin pressures.

It is shaping up to be a tough year for the multinational. First-quarter earnings came in at \$2.23 a share, 11% off the year-earlier tally and well below our \$2.55 estimate. Worse-than-anticipated troubles at the top line were mostly responsible for the miss, with sales declining 5.0%, year over year, and coming up equally short of expectations. Divestitures and currency translation played a role, but management placed most of the blame on slowing end-market demand. Organic sales slipped 1.1%. On top of the aforementioned shortfalls, leadership also slashed its full-year top- and bottom-line outlooks. Specifically, it now expects earnings to come in between \$9.25 and \$9.75 a share, roughly \$1.00 lower at both ends. Again, the top line appears to be shouldering most of the burden, with 3M now looking for organic

Cal-endar	QUARTERLY SALES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2016	7409	7662	7709	7329	30109
2017	7685	7810	8172	7990	31657
2018	8278	8390	8152	7945	32765
2019	7863	8037	8325	8175	32400
2020	8150	8350	8575	8425	33500

There has been some favorable news regarding trade talks, but there still remains uncertainty about the future relationship between the two superpowers. For 2020, we see earnings tallying \$10.35 a share, on sales of about \$33.5 billion.

Near-term appeal here is limited, given the difficult operating environment that is likely to persist. In fact, we've lowered this stock's Timeliness rank a notch, to 4 (Below Average). However, the recent price weakness presents a buying opportunity for more-patient accounts with a conservative bent, in our view. Three- to five-year total return potential is worthwhile, especially on a risk-adjusted basis. Meantime, the company's acquisition-rich history and healthy finances augur well for growth prospects.

Cal-endar	EARNINGS PER SHARE ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
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	2.59	2.58	2.31	9.98
2019	2.23	2.10	2.65	2.47	9.45
2020	2.50	2.45	2.75	2.65	10.35

Andre J. Costanza
 July 12, 2019

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Cal-endar	QUARTERLY DIVIDENDS PAID ^B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
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	1.360	1.360	5.44
2019	1.44	1.44			

reinvestment plan available. (C) In millions.

Company's Financial Strength		A++
Stock's Price Stability		100
Price Growth Persistence		85
Earnings Predictability		100

(A) Diluted earnings. Excludes nonrecurring losses/(gains): '10, (12c). Excludes discontinued: '06, 47c; '07, 60c; '17, (\$1.24); '18, (\$1.07); '19, (7c). Earnings may not sum due to rounding or changes in shares outstanding. Next earnings report due July 25th. (B) Dividends historically paid mid-March, June, September, and December. ■ Dividend (C) In millions.
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