

3M COMPANY NYSE-MMM

RECENT PRICE **155.57** P/E RATIO **19.3** (Trailing: 17.2 Median: 19.0) RELATIVE P/E RATIO **0.94** DIV'D YLD **3.8%**

VALUE LINE

TIMELINESS 3 Raised 4/3/20
SAFETY 1 New 7/27/90
TECHNICAL 3 Lowered 6/5/20
BETA .95 (1.00 = Market)

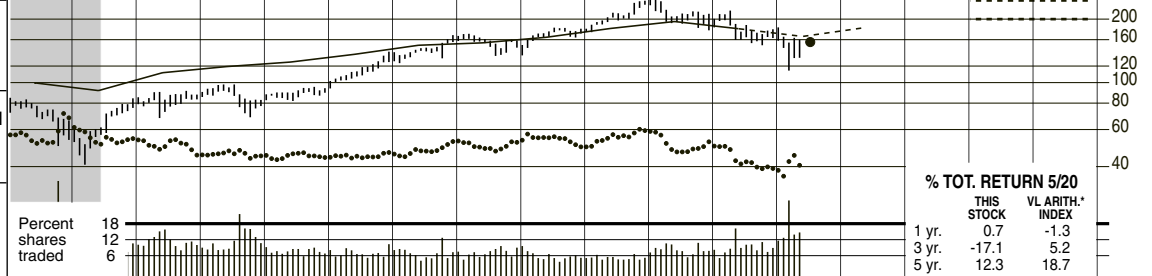
High: 84.3 91.5 98.2 95.5 140.4 168.2 170.5 182.3 244.2 259.8 219.8 182.5
 Low: 40.9 68.0 68.6 82.0 94.0 123.6 134.0 134.6 173.5 176.9 150.6 114.0

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

18-Month Target Price Range
 Low-High Midpoint (% to Mid)
 \$115-\$236 \$176 (15%)

2023-25 PROJECTIONS
 High Price Gain Ann'l Total
 Low 245 (+55%) 15%
 200 (+30%) 10%

Institutional Decisions
 3Q2019 4Q2019 1Q2020
 to Buy 789 900 933
 to Sell 935 916 973
 Hlds(000) 387986 393104 379510



2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	© VALUE LINE PUB. LLC	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	55.87	53.05	57.15	Sales per sh	69.50
5.07	5.55	6.71	7.29	6.65	6.12	7.43	7.94	8.34	9.09	10.02	10.29	10.93	12.04	13.00	12.02	11.05	12.20	"Cash Flow" per sh	16.00
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	9.10	8.05	9.00	Earnings per sh ^A	12.25
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	6.60	Div's Decl'd per sh ^B	7.50
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	2.95	2.50	3.25	Cap'l Spending per sh	3.75
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	17.50	18.00	17.85	Book Value per sh	19.05
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	575.19	570.00	560.00	Common Shs Outst'g ^C	525.00
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	19.8	18.00	17.85	Avg Ann'l P/E Ratio	18.0
1.16	1.01	.82	.80	.88	.94	.92	.91	.90	.96	1.01	1.04	1.08	1.12	1.14	1.07	1.14	1.07	Relative P/E Ratio	1.00
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%	3.2%	3.2%	3.2%	Avg Ann'l Div'd Yield	3.1%

CAPITAL STRUCTURE as of 3/31/20

Total Debt \$22495 mill. Due in 5 Yrs \$10220 mill.
 LT Debt \$19247 mill. LT Interest \$328.6 mill.
 (65% of Capital)

Leases, Uncapitalized: Annual rentals \$267 mill.
 Pension Assets-12/19 \$23.0 bill. Oblig. \$25.9 bill.

Preferred Stock None
 Common Stock 575.2 million shares

MARKET CAP: \$89.5 billion (Large Cap)

CURRENT POSITION 2018 2019 3/31/20
 (SMILL.)

Cash Assets	3233	2451	4477
Receivables	5020	4791	4821
Inventory (FIFO)	4366	4134	4217
Other	1090	1595	1575
Current Assets	13709	12971	15090
Accts Payable	2266	2228	2207
Debt Due	1211	2795	3248
Other	3767	4199	3679
Current Liab.	7244	9222	9134

26662	29611	29904	30871	31821	30274	30109	31657	32765	32136	30250	32000	Sales (\$mill)	36500
26.4%	25.0%	26.0%	26.0%	26.8%	27.7%	28.9%	29.6%	28.4%	26.7%	26.0%	26.5%	Operating Margin	28.5%
1120.0	1236.0	1288.0	1371.0	1408.0	1435.0	1474.0	1544.0	1488.0	1593.0	1675	1725	Depreciation (\$mill)	1900
4169.0	4283.0	4444.0	4659.0	4956.0	4833.0	5050.0	5620.0	6006.0	5321.0	4625	5100	Net Profit (\$mill)	6500
26.2%	27.8%	29.0%	28.1%	28.9%	29.0%	28.3%	25.4%	20.9%	19.6%	20.8%	21.5%	Income Tax Rate	22.5%
15.6%	14.5%	14.9%	15.1%	15.6%	16.0%	16.8%	17.8%	18.3%	16.6%	15.3%	15.9%	Net Profit Margin	17.8%
6126.0	6799.0	7430.0	5235.0	5767.0	3868.0	5507.0	6590.0	6465.0	3749.0	5000	3500	Working Cap'l (\$mill)	2250
4183.0	4484.0	4916.0	4326.0	6731.0	8799.0	10723	12156	13486	17629	18500	17500	Long-Term Debt (\$mill)	16000
15663	15420	17575	17502	13109	11708	10298	11563	9796.0	10063	10250	10000	Shr. Equity (\$mill)	10000
21.5%	22.0%	20.1%	21.6%	25.3%	23.9%	24.4%	24.3%	26.4%	19.8%	17.0%	19.0%	Return on Total Cap'l	26.0%
26.6%	27.8%	25.3%	26.6%	37.8%	41.3%	49.0%	48.6%	NMF	NMF	45.0%	NMF	Return on Shr. Equity	NMF
17.0%	17.7%	16.0%	16.7%	20.9%	19.4%	23.0%	24.4%	28.7%	19.9%	11.0%	13.5%	Retained to Com Eq	25.5%
36%	36%	37%	37%	45%	53%	53%	50%	53%	62%	76%	68%	All Div'ds to Net Prof	61%

ANNUAL RATES Past Past Est'd '17-'19
 of change (per sh) 10 Yrs. 5 Yrs. to '23-'25

Sales	5.0%	3.5%	4.0%
"Cash Flow"	6.5%	6.0%	4.0%
Earnings	6.5%	6.5%	4.5%
Dividends	10.5%	14.0%	6.0%
Book Value	1.0%	-6.0%	1.0%

QUARTERLY SALES (\$ mill.)

Cal-ender	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2017	7685	7810	8172	7990	31657
2018	8278	8390	8152	7945	32765
2019	7863	8171	7991	8111	32136
2020	8075	7200	7400	7575	30250
2021	7600	8050	8100	8250	32000

EARNINGS PER SHARE ^A

Cal-ender	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
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	2.20	2.72	1.95	9.10
2020	2.16	1.69	2.05	2.15	8.05
2021	2.20	2.20	2.30	2.30	9.00

QUARTERLY DIVIDENDS PAID ^B

Cal-ender	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
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	1.44	1.44	5.76
2020	1.47	1.47			

3M posted better-than-expected March-quarter financials, but sales results in the subsequent months have missed the mark. Specifically, the multinational conglomerate reported that overall sales fell 11% in April, followed by a 20% plunge in May. While the latter was hurt by having two fewer days of business, global social restrictions put in place to combat the COVID-19 pandemic undoubtedly played a role, as many parts of the world shut down in April and May. **We have tempered our 2020 expectations a bit.** While we were expecting headwinds, the aforementioned declines seen at the top line were a bit steeper than we were anticipating. Plus, although some parts of the world seem to be on the mend, cases of COVID-19 are on the rise in many other areas, prompting us to rein in our assumptions for the remainder of the summer and the early stages of the fall. Management had been looking for the company to earn between \$9.30 and \$9.75 a share this year, on flat to +2% sales growth, but withdrew its guidance on April 28th due to the uncertainty created by the virus. Given the recent developments on the

Dual Credit was a 4.9% drag. 2019 R&D: \$1.9 billion or 5.9% of sales. Employs about 96,163. Officers & directors own less than 1.0% of common stock outstanding; Vanguard Group, 8.8%; State Street, 7.4%; BlackRock, 7.3% (3/20 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.

sales front, however, we've shaved \$0.10 from our share-net call, which now sits at \$8.05, modeling for a 12% year-over-year decline. Our top-line call has been reduced to \$30.25 billion, pointing to a 6% decline. **Earnings growth should get back on track next year.** Although our assumption is largely predicated on a more normalized operating climate, we also look for cost-containment efforts to chip in. For now, we tentatively look for 3M to earn \$9.00 a share in 2021. This is \$0.60 lower than our previous estimate. **These shares have gained some ground since our April review, but are still trading about 15% off their year-to-date high.** Although they do not stand out for three- to five-year price-appreciation potential, prospects are more appealing on a risk-adjusted, total return basis. 3M has some legal issues regarding substances used in certain products, and the balance sheet is more leveraged than in the past, but it generates sufficient cash flow to address both and allow management to remain committed to its portfolio-optimization plan and shareholders.

Andre J. Costanza July 10, 2020

(A) Diluted earnings. Excludes nonrecurring losses/(gains): '10, (12c). Excludes discontinued: '06, 47c; '07, 60c; '17, (\$1.24); '18, (\$1.07); '19, (\$1.29); '20, (6c). 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 95
Price Growth Persistence 75
Earnings Predictability 95