3M COMPANY NYSE-MMM

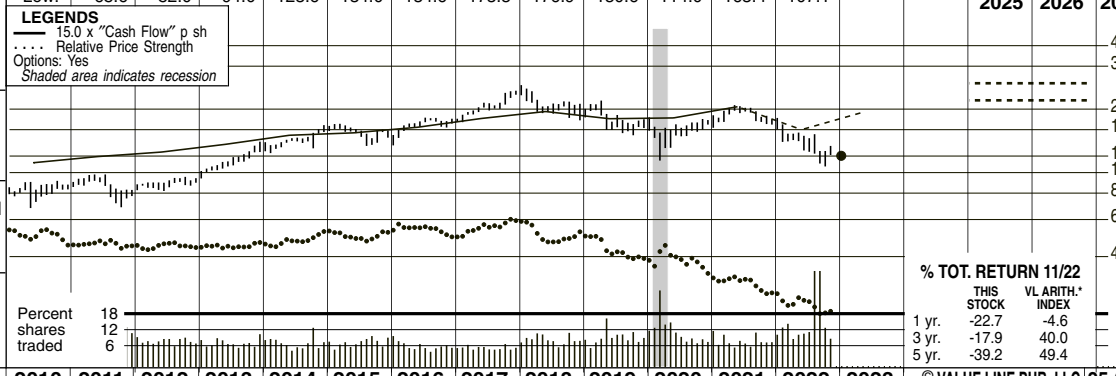
RECENT PRICE **120.14** | P/E RATIO **9.0** (Trailing: 10.5 Median: 20.0) | RELATIVE P/E RATIO **0.55** | DIV'D YLD **5.0%** | VALUE LINE

TIMELINESS 4 Lowered 6/18/21
SAFETY 1 New 7/27/90
TECHNICAL 3 Raised 12/9/22
BETA .95 (1.00 = Market)

High:	98.2	95.5	140.4	168.2	170.5	182.3	244.2	259.8	219.8	182.5	209.0	181.8
Low:	68.6	82.0	94.0	123.6	134.0	134.6	173.5	176.9	150.6	114.0	163.4	107.1

Target Price Range
2025 | 2026 | 2027

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)
$105-$203	$154 (30%)

2025-27 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	265	(+120%)	*25%*
Low	220	(+85%)	*20%*

Institutional Decisions

	1Q2022	2Q2022	3Q2022
to Buy	995	967	744
to Sell	1101	1041	1151
Hld's(000)	375231	370581	366411

% TOT. RETURN 11/22

	THIS STOCK	VL ARITH.* INDEX
1 yr.	-22.7	-4.6
3 yr.	-17.9	40.0
5 yr.	-39.2	49.4

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	© VALUE LINE PUB. LLC	25-27
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	55.71	61.83	*62.00*	*65.15*	Sales per sh	*80.00*
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	12.11	13.70	*14.85*	*15.50*	"Cash Flow" per sh	*18.65*
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	8.73	10.12	*11.50*	*11.70*	Earnings per sh A	*14.25*
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	5.88	5.92	5.96	*6.20*	Div'ds Decl'd per sh B■	*7.50*
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	2.60	2.80	*2.85*	*3.00*	Cap'l Spending per sh	*3.50*
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	22.27	26.31	*27.75*	*28.70*	Book Value per sh	*36.20*
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	577.75	571.85	*550.00*	*545.00*	Common Shs Outst'g C	*525.00*
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	18.3	18.6	*12.1*		Avg Ann'l P/E Ratio	*17.0*
.82	.80	.88	.94	.92	.91	.90	.96	1.01	1.04	1.08	1.12	1.14	1.05	.94	1.01	*.69*		Relative P/E Ratio	*.95*
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%	3.7%	3.2%	4.3%		Avg Ann'l Div'd Yield	*3.3%*

2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023		25-27
29904	30871	31821	30274	30109	31657	32765	32136	32184	35355	*34100*	*35500*	Sales ($mill)	*42000*
26.0%	26.0%	26.8%	27.7%	28.9%	29.6%	28.4%	26.7%	28.8%	26.3%	*25.0%*	*24.0%*	Operating Margin	*28.0%*
1288.0	1371.0	1408.0	1435.0	1474.0	1544.0	1488.0	1593.0	1911.0	1915.0	*1850*	*2025*	Depreciation ($mill)	*2300*
4444.0	4659.0	4956.0	4833.0	5050.0	5620.0	6006.0	5321.0	5088.0	5921.0	*6325*	*6435*	Net Profit ($mill)	*7480*
29.0%	28.1%	28.9%	29.0%	28.3%	25.4%	20.9%	19.6%	20.3%	17.8%	*17.0%*	*19.5%*	Income Tax Rate	*22.0%*
14.9%	15.1%	15.6%	16.0%	16.8%	17.8%	18.3%	16.6%	15.8%	16.7%	*18.5%*	*18.1%*	Net Profit Margin	*17.1%*
7430.0	5235.0	5767.0	3868.0	5507.0	6590.0	6465.0	3749.0	7034.0	6368.0	*5500*	*4850*	Working Cap'l ($mill)	*3500*
4916.0	4326.0	6731.0	8799.0	10723	12156	13486	17629	18082	16149	*14000*	*14000*	Long-Term Debt ($mill)	*14000*
17575	17502	13109	11708	10298	11563	9796.0	10063	12867	15046	*15250*	*15650*	Shr. Equity ($mill)	*19000*
20.1%	21.6%	25.3%	23.9%	24.4%	24.3%	26.4%	19.8%	17.2%	19.8%	*21.5%*	*21.5%*	Return on Total Cap'l	*22.5%*
25.3%	26.6%	37.8%	41.3%	49.0%	48.6%	61.3%	52.9%	39.5%	39.4%	*41.5%*	*41.0%*	Return on Shr. Equity	*39.5%*
16.0%	16.7%	20.9%	19.4%	23.0%	24.4%	28.7%	19.9%	13.2%	16.6%	*19.5%*	*19.5%*	Retained to Com Eq	*18.5%*
37%	37%	45%	53%	53%	50%	53%	62%	67%	58%	*52%*	*53%*	All Div'ds to Net Prof	*53%*

CAPITAL STRUCTURE as of 9/30/22
Total Debt $15705 mill. **Due in 5 Yrs** $7593 mill.
LT Debt $13849 mill. **LT Interest** $434.1 mill.
(49% of Capital)

Leases, Uncapitalized: Annual rentals $280 mill.
Pension Assets-12/21 $25.0 bill. **Oblig.** $26.1 bill.

Preferred Stock None
Common Stock 552,742,914 million shares

MARKET CAP: $66.4 billion (Large Cap)

CURRENT POSITION ($MILL.)	2020	2021	9/30/22
Cash Assets	5038	4764	3404
Receivables	4705	4660	4722
Inventory (FIFO)	4239	4985	5615
Other	1000	994	1154
Current Assets	14982	15403	14895
Accts Payable	2561	2994	3063
Debt Due	806	1307	1856
Other	4581	4734	4624
Current Liab.	7948	9035	9543

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '19-'21 to '25-'27
Sales	4.5%	3.0%	*5.5%*
"Cash Flow"	6.0%	4.0%	*6.5%*
Earnings	5.5%	4.0%	*7.5%*
Dividends	10.5%	8.0%	*4.0%*
Book Value	.5%	3.0%	*8.5%*

Cal-endar	QUARTERLY SALES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2019	7863	8171	7991	8111	32136
2020	8075	7176	8350	8583	32184
2021	8851	8950	8942	8612	35355
2022	8829	8702	8619	*7950*	*34100*
2023	*9000*	*8950*	*8900*	*8650*	*35500*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2019	2.23	2.20	2.72	1.95	9.10
2020	2.16	1.78	2.43	2.38	8.73
2021	2.77	2.59	2.45	2.31	10.12
2022	2.26	.14	6.77	*2.33*	*11.50*
2023	*2.20*	*2.00*	*5.00*	*2.50*	*11.70*

Cal-endar	QUARTERLY DIVIDENDS PAID B■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
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	1.47	1.47	5.88
2021	1.48	1.48	1.48	1.48	5.92
2022	1.49	1.49	1.49	1.49	

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 four business segments: Safety and Industrial (36.4%); Transportation and Electronics (27.6%); Health Care (25.6%); Consumer (16.6%). Elimination of Dual Credit was a 6.2% drag. 2021 R&D: $2.0 billion or 5.6% of sales. Employs about 95,000. Officers & directors own less than 1.0% of common stock outstanding; Vanguard Group, 8.7%; BlackRock, 7.3%; State Street, 5.4% (3/22 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.

3M Company faced a lot of ups and downs in 2022. The difficult operating backdrop and rising expenses hurt the company over the past few months. The top line likely fell nearly 4% in the year just ended owing to the impact of divestitures, as well as negative foreign currency effects. On the other hand, the bottom line probably climbed 14% in 2022 thanks to an earnings surprise during the September quarter, where profits more than doubled year over year.

In general, we think things will improve this year. We look for revenues to recover the ground they lost in 2022, while share earnings advance 1%-2%.

Management has been overhauling its business. The conglomerate has made several changes to its asset roster over the years. 3M completed the tax-free separation of its Food Safety division in September. Plans to spin off its Health Care operations are under way (it aims to close the split by the end of the year).

The company plans to exit the PFAS business by 2025. 3M will stop manufacturing and eliminate per- and polyfluoralkyl substance use across its portfolio by the end of 2025. This move is likely in response to the mounting pressure from more-environmentally-conscious investors. Too, the company was embroiled in several legal battles surrounding the "forever chemicals," and has paid millions in legal fees, damages, and clean-up efforts. That said, PFAS production contributed about $1.3 billion to sales last year.

The blue chip holds some investment appeal. Even though the stock has recovered some ground over the past few months, it is still trailing the broader market averages. The pullback has widened the issue's appreciation over the coming 18 months and out to 2025-2027. Moreover, the robust dividend yield further sweetens the equity's long-term total return prospects, especially on a risk-adjusted basis. Even so, there are a number of moving parts here due to the ongoing business reorganization plan. 3M is also facing ongoing litigation against its Aearo Technologies segment with regard to earplugs used in combat, and legal action could also temper the recovery we envision. Investors may want to tread carefully here.

Orly Seidman *January 6, 2023*

(A) Diluted earnings. Excludes nonrecurring losses/(gains): '10, (12¢). Excludes discontinued: '06, 47¢; '07, 60¢; '17, ($1.24); '18, ($1.07); '19, ($1.29); '20, (37¢). Earnings may not sum due to rounding or changes in shares outstanding. Next earnings report due late Jan. **(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	95
Price Growth Persistence	35
Earnings Predictability	90

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