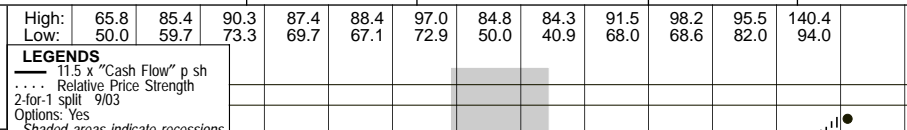


# 3M COMPANY NYSE-MMM

RECENT PRICE **137.65** P/E RATIO **19.4** (Trailing: 21.1; Median: 15.0) RELATIVE P/E RATIO **1.04** DIV'D YLD **2.5%** VALUE LINE

**TIMELINESS** 5 Lowered 9/13/13  
**SAFETY** 1 New 7/27/90  
**TECHNICAL** 3 Lowered 10/14/11  
**BETA** .90 (1.00 = Market)



High: 65.8 85.4 90.3 87.4 88.4 97.0 84.8 84.3 91.5 98.2 95.5 140.4  
 Low: 50.0 59.7 73.3 69.7 67.1 72.9 50.0 40.9 68.0 68.6 82.0 94.0

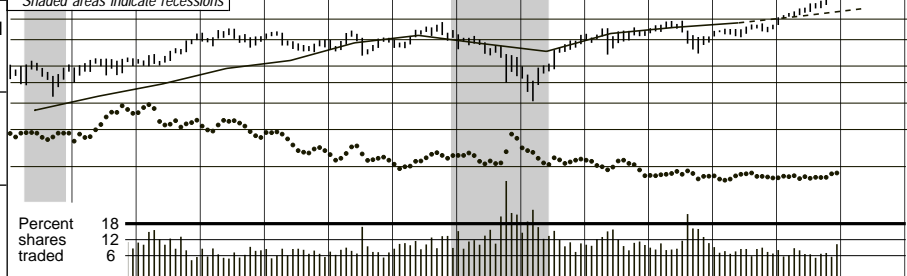
LEGENDS  
 — 11.5 x "Cash Flow" p sh  
 ..... Relative Price Strength  
 2-for-1 split 9/03  
 Options: Yes  
 Shaded areas indicate recessions

Target Price Range  
 2016 2017 2018

**2016-18 PROJECTIONS**  
 Price High **160** Gain **(+15%)**  
 Low **130** Return **7%**

**Insider Decisions**  
 F M A M J J A S O  
 to Buy 0 0 0 0 0 0 1 0 0  
 Options 17 2 1 2 0 1 4 0 3  
 to Sell 11 0 1 1 0 1 1 0 4

**Institutional Decisions**  
 1Q2013 2Q2013 3Q2013  
 to Buy 528 484 504  
 to Sell 645 688 647  
 Hlds(000) 677147 478243 466378



% TOT. RETURN 12/13  
 THIS STOCK 54.5  
 VL ARITH. INDEX 38.4  
 1 yr. 54.5 38.4  
 3 yr. 75.1 52.8  
 5 yr. 178.4 211.8

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	© VALUE LINE PUB. LLC	16-18
18.62	18.69	19.64	21.11	20.55	20.94	23.25	25.45	28.05	31.21	34.49	36.43	32.54	37.45	42.61	43.52	<b>46.30</b>	<b>49.90</b>	Sales per sh	<b>63.25</b>
3.08	2.98	3.27	3.64	3.22	3.75	4.29	5.07	5.55	6.71	7.29	6.65	6.12	7.43	7.94	8.34	<b>9.00</b>	<b>9.80</b>	"Cash Flow" per sh	<b>12.60</b>
1.94	1.87	2.11	2.32	1.79	2.50	3.02	3.75	4.12	5.06	5.60	4.89	4.52	5.75	5.96	6.32	<b>6.72</b>	<b>7.45</b>	Earnings per sh <sup>A</sup>	<b>9.90</b>
1.06	1.10	1.12	1.16	1.20	1.24	1.32	1.44	1.68	1.84	1.92	2.00	2.04	2.10	2.20	2.36	<b>2.54</b>	<b>3.42</b>	Div'ds Decl'd per sh <sup>B</sup>	<b>4.20</b>
1.74	1.78	1.30	1.41	1.25	.98	.86	1.19	1.25	1.59	2.01	2.12	1.27	1.53	1.98	2.16	<b>2.15</b>	<b>2.25</b>	Cap'l Spending per sh	<b>2.50</b>
7.32	7.38	7.89	8.24	7.78	7.68	10.06	13.20	13.39	13.56	16.56	14.24	17.96	22.00	22.19	25.58	<b>27.45</b>	<b>28.50</b>	Book Value per sh	<b>34.35</b>
809.45	803.85	797.42	792.17	782.61	779.96	784.12	786.29	754.54	734.36	709.16	693.54	710.60	711.98	694.97	687.09	<b>670.00</b>	<b>655.00</b>	Common Shs Outst'g <sup>C</sup>	<b>615.00</b>
23.6	22.3	20.8	19.9	31.1	24.4	22.8	21.9	18.9	15.2	15.0	14.6	14.1	14.5	14.5	14.1	<b>17.0</b>		Avg Ann'l P/E Ratio	<b>14.5</b>
1.36	1.16	1.19	1.29	1.59	1.33	1.30	1.16	1.01	.82	.80	.88	.94	.92	.91	.90	<b>.95</b>		Relative P/E Ratio	<b>.95</b>
2.3%	2.6%	2.6%	2.5%	2.2%	2.0%	1.9%	1.8%	2.2%	2.4%	2.3%	2.8%	3.2%	2.5%	2.5%	2.7%	<b>2.2%</b>		Avg Ann'l Div'd Yield	<b>2.4%</b>

**CAPITAL STRUCTURE as of 9/30/13**

Total Debt \$5777 mill. Due in 5 Yrs \$4000 mill.  
 LT Debt \$3533 mill. LT Interest \$140 mill.  
 (17% of Capital)

Uncapitalized leases \$194 mill.  
 Pension Assets-12/12 \$19.0 bill. Oblig. \$21.2 bill.

Preferred Stock None  
 Common Stock 673,269,679 shares

MARKET CAP: \$92.7 billion (Large Cap)

**CURRENT POSITION (SMILL.)**

	2011	2012	9/30/13
Cash Assets	3680	4531	3311
Receivables	3867	4061	4594
Inventory (FIFO)	3416	3837	3948
Other	1277	1201	1429
Current Assets	12240	13630	13282
Accts Payable	1643	1762	1718
Debt Due	682	1085	2244
Other	3116	3353	3477
Current Liab.	5441	6200	7439

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
18232	20011	21167	22923	24462	25269	23123	26662	29611	29904	<b>31025</b>	<b>32700</b>		
26.5%	30.6%	31.1%	32.3%	29.7%	25.2%	25.8%	26.4%	25.0%	26.0%	<b>25.9%</b>	<b>26.2%</b>		
964	999	986	1079	1072	1153	1157	1120	1236	1288	<b>1350</b>	<b>1400</b>		
2403	2990	3199	3851	4096	3460	3193	4169	4283	4444	<b>4675</b>	<b>5025</b>		
32.9%	33.0%	34.7%	30.6%	33.9%	33.4%	32.2%	26.2%	27.8%	29.0%	<b>29.0%</b>	<b>29.0%</b>		
13.2%	14.9%	15.1%	16.8%	16.7%	13.7%	13.8%	15.6%	14.5%	14.9%	<b>15.1%</b>	<b>15.3%</b>		
2638	2649	1877	1623	4476	3759	5898	6126	6799	7430	<b>6300</b>	<b>5975</b>		
1735	727	1309	1047	4019	5166	5097	4183	4484	4916	<b>3425</b>	<b>3400</b>		
7885	10378	10100	9959	11747	9879	12764	15663	15420	17575	<b>18400</b>	<b>18675</b>		
25.5%	27.3%	28.5%	35.4%	26.6%	23.6%	18.4%	21.5%	22.0%	20.1%	<b>21.5%</b>	<b>23.0%</b>		
30.5%	28.8%	31.7%	38.7%	34.9%	35.0%	25.0%	26.6%	27.8%	25.3%	<b>25.5%</b>	<b>27.0%</b>		
17.4%	18.0%	18.9%	24.9%	23.1%	20.9%	13.8%	17.0%	17.7%	16.0%	<b>16.0%</b>	<b>15.0%</b>		
43%	38%	40%	36%	34%	40%	45%	36%	36%	37%	<b>36%</b>	<b>45%</b>		

Sales (\$mill) **38900**

Operating Margin **27.0%**

Depreciation (\$mill) **1525**

Net Profit (\$mill) **6225**

Income Tax Rate **30.0%**

Net Profit Margin **16.0%**

Working Cap'l (\$mill) **6450**

Long-Term Debt (\$mill) **3000**

Shr. Equity (\$mill) **21125**

Return on Total Cap'l **26.0%**

Return on Shr. Equity **29.5%**

Retained to Com Eq **17.0%**

All Div'ds to Net Prof **42%**

**ANNUAL RATES** Past 10 Yrs. Past 5 Yrs. Est'd '10-'12 to '16-'18

Sales	7.0%	5.5%	7.5%
"Cash Flow"	8.5%	4.0%	8.0%
Earnings	10.5%	4.0%	8.5%
Dividends	6.5%	4.0%	11.0%
Book Value	11.5%	10.0%	6.5%

**QUARTERLY SALES (\$mill.)**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2010	6348	6731	6874	6709	26662
2011	7311	7680	7531	7089	29611
2012	7486	7534	7497	7387	29904
2013	7634	7752	7916	<b>7723</b>	<b>31025</b>
2014	<b>8000</b>	<b>8200</b>	<b>8300</b>	<b>8200</b>	<b>32700</b>

**EARNINGS PER SHARE <sup>A</sup>**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2010	1.40	1.54	1.53	1.28	5.75
2011	1.49	1.60	1.52	1.35	5.96
2012	1.59	1.66	1.65	1.41	6.32
2013	1.61	1.71	1.78	<b>1.62</b>	<b>6.72</b>
2014	<b>1.80</b>	<b>1.90</b>	<b>1.95</b>	<b>1.80</b>	<b>7.45</b>

**QUARTERLY DIVIDENDS PAID <sup>B</sup>**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2010	.525	.525	.525	.525	2.10
2011	.55	.55	.55	.55	2.20
2012	.59	.59	.59	.59	2.36
2013	.635	.635	.635	.635	2.54
2014	.855				

**3M Company likely closed out 2013 in solid fashion.** We have not made too many changes to our near-term estimates, so we continue to anticipate sales and earnings of \$7.7 billion and \$1.62 a share, respectively. All of the company's segments probably contributed to the positive December-quarter performance, as sales were likely up across the board. The gross margin probably improved slightly, thanks to lower input costs, but the operating margin likely continued to trend lower, due to higher SG&A and R&D outlays associated with ongoing investments in things like product innovation and manufacturing efficiency. Consequently, the bulk of the share-earnings growth we expect was probably driven by stock repurchase activity.

**This year should be another good one.** In fact, we recently added a dime to our 2014 share-net target, which currently stands at \$7.45. We expect all of 3M's businesses to keep contributing, and we are looking for some margin expansion.

**3M increased the quarterly payout by 35%.** In December, the board declared a dividend of \$0.855 a share for the first

quarter of 2014, a sharp increase from the four distributions made in 2013. The dividend is payable on March 12th, to shareholders of record on February 14th. **Stock repurchases are likely to continue at a swift pace, too.** At a recent meeting with institutional investors and analysts, top brass laid out new capital deployment plans. The company now expects to spend \$17 billion-\$22 billion on gross buybacks from 2013-2017, versus a previously anticipated range of \$7.5 billion-\$15 billion.

**These shares, which are ranked unfavorably for Timeliness, continue to climb.** The blue chip is up another 17% since our last full-page review, and it performed extremely well in 2013. Indeed, the stock price rose 49% last year, compared to the 26% gain reported by the DJIA. We remain optimistic about 3M's future and think handsome share-earnings growth is in the cards for the pull to 2016-2018. However, the stock seems overpriced at this juncture, and 3- to 5-year capital gains potential is below average. The yield is good in this environment, at 2.5%.

*Erik A. Antonson*  
*January 17, 2014*

(A) Diluted earnings. Excludes nonrecurring: '97, 59c; '98, (43c); '99, 7c; '00, (10c); '01, (5c); '10, (12c). Excludes discontinued: '96, 1c; '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. (C) In millions, adjusted for stock split.

Company's Financial Strength **A++**  
 Stock's Price Stability **95**  
 Price Growth Persistence **65**  
 Earnings Predictability **85**