

ModernGraham Valuation



Company Name:

3M Co

Company Ticker MMM

Date of Analysis

9/10/2015

Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

| | | |
|--|--|------|
| 1. Adequate Size of the Enterprise | Market Cap > \$2Bil | Pass |
| 2. Sufficiently Strong Financial Condition | Current Ratio > 2 | Pass |
| 3. Earnings Stability | Positive EPS for 10 years prior | Pass |
| 4. Dividend Record | Dividend Payments for 10 years prior Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end | Pass |
| 5. Earnings Growth | | Pass |
| 6. Moderate PEmg Ratio | PEmg < 20 | Pass |
| 7. Moderate Price to Assets | PB Ratio < 2.5 OR PB*PEmg < 50 | Fail |

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

| | | |
|--|--------------------------------|------|
| 1. Sufficiently Strong Financial Condition | Current Ratio > 1.5 | Pass |
| 2. Sufficiently Strong Financial Condition | Debt to NCA < 1.1 | Pass |
| 3. Earnings Stability | Positive EPS for 5 years prior | Pass |
| 4. Dividend Record | Currently Pays Dividend | Pass |
| 5. Earnings Growth | EPSmg greater than 5 years ago | Pass |

Suitability

| | |
|---------------------|------------|
| Defensive | Yes |
| Enterprising | Yes |

Stage 2: Determination of Intrinsic Value

| | |
|-----------------------------|-----------------|
| EPSmg | \$7.12 |
| MG Growth Estimate | 4.72% |
| MG Value | \$127.73 |
| MG Value based on 3% Growth | \$103.26 |
| MG Value based on 0% Growth | \$60.53 |
| Market Implied Growth Rate | 5.60% |

MG Opinion

| | |
|----------------------|----------------------|
| Current Price | \$140.36 |
| % of Intrinsic Value | 109.89% |
| Opinion | Fairly Valued |

Stage 3: Information for Further Research

| | |
|--|---------|
| Net Current Asset Value (NCAV) | -\$7.56 |
| Graham Number | \$59.95 |
| PEmg | 19.71 |
| Current Ratio | 2.64 |
| PB Ratio | 6.89 |
| Dividend Yield | 2.68% |
| Number of Consecutive Years of Dividend Growth | 20 |

Useful Links:

| | |
|--|-------------------------------|
| ModernGraham tagged articles | Morningstar |
| Google Finance | MSN Money |
| Yahoo Finance | Seeking Alpha |
| GuruFocus | SEC Filings |

| EPS History | | EPSmg History | |
|---------------------------|--------|--|------------------|
| Next Fiscal Year Estimate | \$7.62 | Next Fiscal Year Estimate | \$7.12 |
| Dec14 | \$7.49 | Dec14 | \$6.72 |
| Dec13 | \$6.72 | Dec13 | \$6.17 |
| Dec12 | \$6.32 | Dec12 | \$5.75 |
| Dec11 | \$5.96 | Dec11 | \$5.42 |
| Dec10 | \$5.63 | Dec10 | \$5.14 |
| Dec09 | \$4.52 | Dec09 | \$4.88 |
| Dec08 | \$4.89 | Dec08 | \$4.93 |
| Dec07 | \$5.60 | Dec07 | \$4.74 |
| Dec06 | \$5.06 | Dec06 | \$4.10 |
| Dec05 | \$4.12 | Dec05 | \$3.43 |
| Dec04 | \$3.75 | Dec04 | \$2.94 |
| Dec03 | \$3.02 | Dec03 | \$2.47 |
| Dec02 | \$2.50 | Dec02 | \$2.14 |
| Dec01 | \$1.79 | Dec01 | \$1.98 |
| Dec00 | \$2.23 | Dec00 | \$2.07 |
| Dec99 | \$2.17 | Dec99 | \$1.93 |
| Dec98 | \$1.44 | Balance Sheet Information Jun15 | |
| Dec97 | \$2.53 | Total Current Assets | \$13,431,000,000 |
| Dec96 | \$1.83 | Total Current Liabilities | \$5,095,000,000 |
| Dec95 | \$1.16 | Long-Term Debt | \$8,431,000,000 |
| | | Total Assets | \$31,388,000,000 |
| | | Intangible Assets | \$8,340,000,000 |
| | | Total Liabilities | \$18,295,000,000 |
| | | Shares Outstanding (Diluted Average) | 643,000,000 |





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other ModernGraham posts about the company

- [21 Companies in the Spotlight This Week – 5/9/15](#)
- [3M Company Quarterly Valuation – May 2015 \\$MMM](#)
- [34 Companies in the Spotlight This Week – 2/7/15](#)
- [3M Company Quarterly Valuation – February 2015 \\$MMM](#)
- [27 Companies in the Spotlight This Week – 11/8/14](#)

Other ModernGraham posts about related companies

- [Honeywell International Inc. Analysis – July 2015 Update \\$HON](#)
- [Raven Industries Inc. Analysis – Initial Coverage \\$RAVN](#)
- [Illinois Tool Works Analysis – July 2015 Update \\$ITW](#)
- [3M Company Quarterly Valuation – May 2015 \\$MMM](#)
- [Honeywell International Inc. Quarterly Valuation – May 2015 \\$HON](#)
- [Illinois Tool Works Inc. Quarterly Valuation – March 2015 \\$ITW](#)
- [General Electric Annual Valuation – 2015 \\$GE](#)
- [3M Company Quarterly Valuation – February 2015 \\$MMM](#)
- [Honeywell International Inc. Quarterly Valuation – January 2015 \\$HON](#)
- [Illinois Tool Works Quarterly Valuation – December 2014 \\$ITW](#)