

ModernGraham Valuation

Company Name:

3M Co

Company Ticker MMM

Date of Analysis

2/3/2016



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	\$91,581,042,390	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.54	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	54.10%	Pass
6. Moderate PEmg Ratio	PEmg < 20	20.09	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	7.91	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	1.54	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.26	Fail
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	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$7.51
MG Growth Estimate	4.60%
MG Value	\$132.97
MG Value based on 3% Growth	\$108.95
MG Value based on 0% Growth	\$63.87
Market Implied Growth Rate	5.80%

MG Opinion

Current Price	\$150.98
% of Intrinsic Value	113.55%
Opinion	Overvalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$16.22
Graham Number	\$58.27
PEmg	20.09
Current Ratio	1.54
PB Ratio	7.91
Dividend Yield	2.60%
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	\$7.91	Next Fiscal Year Estimate	\$7.51
Dec2015	\$7.73	Dec2015	\$7.16
Dec2014	\$7.49	Dec2014	\$6.72
Dec2013	\$6.72	Dec2013	\$6.17
Dec2012	\$6.32	Dec2012	\$5.75
Dec2011	\$5.96	Dec2011	\$5.42
Dec2010	\$5.63	Dec2010	\$5.14
Dec2009	\$4.52	Dec2009	\$4.87
Dec2008	\$4.89	Dec2008	\$4.92
Dec2007	\$5.60	Dec2007	\$4.71
Dec2006	\$5.06	Dec2006	\$4.07
Dec2005	\$3.98	Dec2005	\$3.38
Dec2004	\$3.75	Dec2004	\$2.94
Dec2003	\$3.02	Dec2003	\$2.47
Dec2002	\$2.50	Dec2002	\$2.15
Dec2001	\$1.79	Dec2001	\$2.00
Dec2000	\$2.23	Dec2000	\$2.09
Dec1999	\$2.19	Balance Sheet Information Dec2015	
Dec1998	\$1.51	Total Current Assets	\$10,986,000,000
Dec1997	\$2.53	Total Current Liabilities	\$7,118,000,000
Dec1996	\$1.83	Long-Term Debt	\$8,753,000,000
		Total Assets	\$32,718,000,000
		Intangible Assets	\$11,850,000,000
		Total Liabilities	\$20,971,000,000
		Shares Outstanding (Diluted Average)	615,710,000





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.

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[E. I. Du Pont De Nemours and Company Quarterly Valuation – May 2015 \\$DD](#)
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