

ModernGraham Valuation

Company Name:

3M Co

Company Ticker MMM

Date of Analysis

8/5/2016



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	\$107,582,873,564	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.58	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	54.30%	Pass
6. Moderate PEmg Ratio	PEmg < 20	23.70	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	9.32	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	1.58	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.22	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	\$7.53
MG Growth Estimate	4.65%
MG Value	\$134.09
MG Value based on 3% Growth	\$109.23
MG Value based on 0% Growth	\$64.03
Market Implied Growth Rate	7.60%

MG Opinion

Current Price	\$178.57
% of Intrinsic Value	133.17%
Opinion	Overvalued
MG Grade	B

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$15.95
Graham Number	\$59.75
PEmg	23.70
Current Ratio	1.58
PB Ratio	9.32
Current Dividend	\$4.27
Dividend Yield	2.39%
Number of Consecutive Years of Dividend Growth	20

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$8.09	Next Fiscal Year Estimate	\$7.53
Dec2015	\$7.58	Dec2015	\$7.11
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	\$4.88
Dec2008	\$4.89	Dec2008	\$4.93
Dec2007	\$5.60	Dec2007	\$4.74
Dec2006	\$5.06	Dec2006	\$4.10
Dec2005	\$4.12	Dec2005	\$3.43
Dec2004	\$3.75	Dec2004	\$2.94
Dec2003	\$3.02	Dec2003	\$2.47
Dec2002	\$2.50	Dec2002	\$2.14
Dec2001	\$1.79	Dec2001	\$1.98
Dec2000	\$2.23	Dec2000	\$2.07
Dec1999	\$2.17	Balance Sheet Information 6/1/2016	
Dec1998	\$1.44	Total Current Assets	\$11,436,000,000
Dec1997	\$2.53	Total Current Liabilities	\$7,254,000,000
Dec1996	\$1.82	Long-Term Debt	\$9,299,000,000
		Total Assets	\$33,235,000,000
		Intangible Assets	\$11,833,000,000
		Total Liabilities	\$21,341,000,000
		Shares Outstanding (Diluted Average)	620,900,000





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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