

ModernGraham Valuation

Company Name:

3M Co

Company Ticker MMM

Date of Analysis

4/6/2019



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	\$124,053,974,878	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.89	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	51.31%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	24.00	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	12.96	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	1.89	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.07	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
	Score		

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$8.98
MG Growth Estimate	3.94%
MG Value	\$147.10
MG Value based on 3% Growth	\$130.16
MG Value based on 0% Growth	\$76.30
Market Implied Growth Rate	7.75%

MG Opinion

Current Price	\$215.41
% of Intrinsic Value	146.44%
Opinion	Overvalued
MG Grade	B

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$21.84
Graham Number	\$62.69
PEmg	24.00
Current Ratio	1.89
PB Ratio	12.96
Current Dividend	\$5.44
Dividend Yield	2.53%
Number of Consecutive Years of Dividend Growth	20

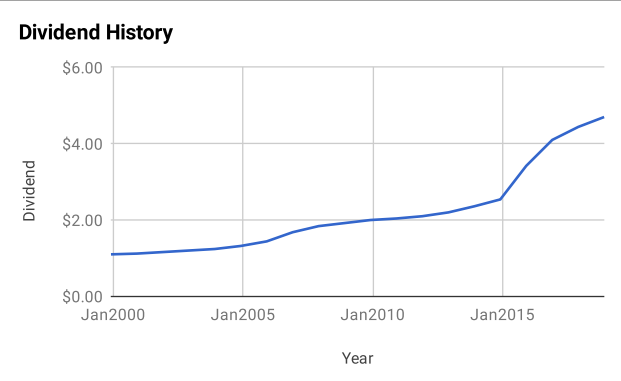
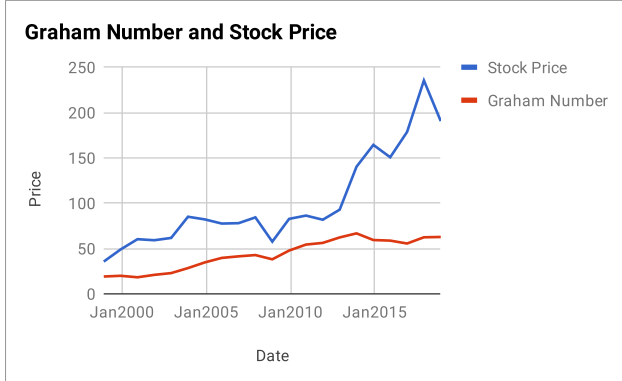
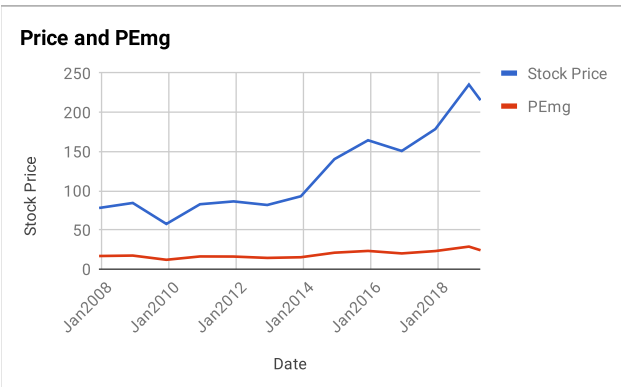
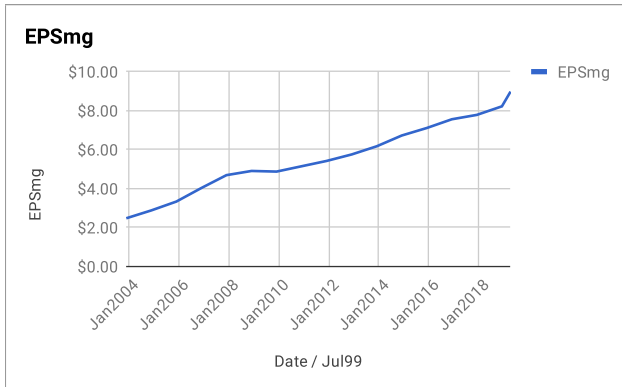
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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$10.28	Next Fiscal Year Estimate	\$8.98
Dec2018	\$8.89	Dec2018	\$8.22
Dec2017	\$7.93	Dec2017	\$7.78
Dec2016	\$8.16	Dec2016	\$7.56
Dec2015	\$7.58	Dec2015	\$7.11
Dec2014	\$7.49	Dec2014	\$6.72
Dec2013	\$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	\$4.87
Dec2008	\$4.89	Dec2008	\$4.90
Dec2007	\$5.60	Dec2007	\$4.69
Dec2006	\$5.06	Dec2006	\$4.03
Dec2005	\$3.98	Dec2005	\$3.33
Dec2004	\$3.56	Dec2004	\$2.88
Dec2003	\$3.02	Dec2003	\$2.47
Dec2002	\$2.50	Balance Sheet Information 12/1/2018	
Dec2001	\$1.79	Total Current Assets	\$13,709,000,000
Dec2000	\$2.23	Total Current Liabilities	\$7,244,000,000
Dec1999	\$2.19	Long-Term Debt	\$13,411,000,000
		Total Assets	\$36,500,000,000
		Intangible Assets	\$12,708,000,000
		Total Liabilities	\$26,652,000,000
		Shares Outstanding (Diluted Average)	592,700,000





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**
- [3M Co Valuation – November 2018 \\$MMM](#)
 - [3M Company Valuation – February 2018 \\$MMM](#)
 - [3M Co. Valuation – December 2016 \\$MMM](#)
 - [3M Company Valuation – August 2016 \\$MMM](#)
 - [3M Company Valuation – February 2016 Update \\$MMM](#)
- Other ModernGraham posts about related companies**
- [Illinois Tool Works Inc Valuation – April 2019 #ITW](#)
 - [Honeywell International Inc Valuation – March 2019 #HON](#)
 - [Ingersoll-Rand PLC Valuation – January 2019 \\$IR](#)
 - [General Electric Co Valuation – November 2018 \\$GE](#)
 - [3M Co Valuation – November 2018 \\$MMM](#)
 - [ITT Inc Valuation – July 2018 \\$ITT](#)
 - [Illinois Tool Works Inc Valuation – June 2018 \\$ITW](#)
 - [Honeywell International Inc Valuation – June 2018 \\$HON](#)
 - [General Electric Co Valuation – February 2018 \\$GE](#)
 - [3M Company Valuation – February 2018 \\$MMM](#)