

Company Report

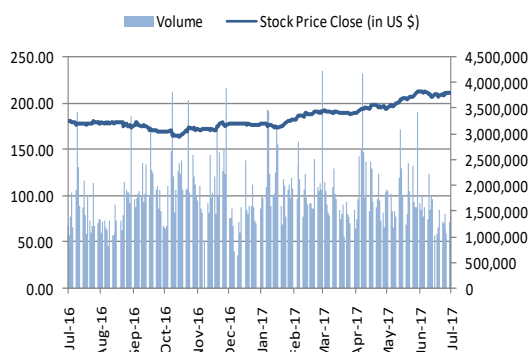
FLASH NOTE
July 18, 2017

Valuation & Research Specialists (VRS)
Equity Research Team
info@valueinvest.gr

Share Price (18/07/2017) NYSE, \$	
	211.31
# of Shares (mn)	597.24
Market Cap (in \$ mn)	126,202.78
A.D. Volume (p)	1,828,921
Beta Co-efficient	0.901
Statistical Data	
Max 52 week, \$	213.36
Min 52 week, \$	164.25
1-M Rtn	0.01%
6-M Rtn	18.39%
12-M Rtn	16.67%

Source: VRS Calculations, Reuters.
Period as day/month/year.

Stock Price Performance & Transaction Volume (1 year, in \$ and in number of shares)



Note: Share price performance based on share price closes on Stock Exchange.
Period as day/month/year.

3M COMPANY

Listed on NYSE, U.S.A., [Bloomberg Ticker: MMM:US] [Reuters Ticker: MMM.N]

Business Sector / Industry: Industrials / Capital Goods

Corporate & Investment Highlights

- 3M Company (3M), incorporated on June 25, 1929, is a technology company. The Company is a manufacturer and marketer of a range of products and services. The Company operates through five segments: Industrial; Safety and Graphics; Health Care; Electronics and Energy, and Consumer. 3M products are sold through various distribution channels, including directly to users and through a range of wholesalers, retailers, jobbers, distributors and dealers in various countries around the world.
- 3M stock trades on a premium compared to the average market and sector valuation multiples. Trailing P/E and P/S ratios stand at 24.8x and 4.2x respectively. Since May 2017, the stock has been outperforming the S&P 500 Index.

Interim Financial Results (Q1 2017 versus Q1 2016, \$ millions)

(in \$ mn)	3M 2017	%	3M 2016
Sales	7,685	3.73%	7,409
Gross Profit	3,816	2.28%	3,731
Operating Income	1,774	-0.78%	1,788
EBT	1,737	-0.52%	1,746
EATAM	1,323	3.76%	1,275

Annual Financial Results (2016 versus 2015, \$ millions)

(in \$ mn)	2016	%	2015
Sales	30,109	-0.55%	30,274
Gross Profit	15,069	1.20%	14,891
EBITDA	8,697	3.77%	8,381
EBT	7,053	3.37%	6,823
EATAM	5,050	4.49%	4,833

Source: Company. Note: Fiscal Year ends on December 31st.

Important Note:

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BASIC FINANCIAL INDICATORS

in \$ million	Sales	Gross Profit	EBT	EATAM	P/E (x)	P/BV (x)	EV/EBITDA (x)	DEBT / EQUITY (x)	ROE %
2011	29,611	13,918	6,031	4,283	29.5	8.2	17.4	0.34	28%
2012	29,904	14,219	6,351	4,444	28.4	7.2	16.6	0.34	25%
2013	30,871	14,765	6,562	4,659	27.1	7.2	16.1	0.34	27%
2014	31,821	15,374	7,026	4,956	25.5	9.6	15.4	0.52	38%
2015	30,274	14,891	6,823	4,833	26.1	11.0	16.1	0.94	42%
2016	30,109	15,069	7,053	5,050	25.0	12.3	15.6	1.13	49%
2017 E	30,820	15,395	7,220	5,345	23.6	9.3	15.3	0.93	40%
2018 E	31,935	15,952	7,481	5,722	22.1	7.5	14.8	0.79	34%

Notes: (1) EATAM and equity are calculated excluding minorities. (2) P/E, P/BV and EV/EBITDA are based on current share price.
Source: Official Consolidated Financial Statements, VRS Estimates & Calculations.
n/c stands for non calculable.

Working Capital Ratios

in \$ million	2013	2014	2015	2016	2017 E	2018 E
Revenues	30,871	31,821	30,274	30,109	30,820	31,935
Cost (net of depreciation)	16,106	16,447	15,383	15,040	15,425	15,983
Gross Profit Margin	% 47.83%	48.31%	49.19%	50.05%	49.95%	49.95%
Net Income / Profit	4,659	4,956	4,833	5,050	5,345	5,722
Net Profit Margin	% 15.1%	15.6%	16.0%	16.8%	17.3%	17.9%
Cash & Cash Equivalents	2,581	1,897	1,798	2,398	2,538	2,717
Stock Days	Days	88	82	83	82	82
Stock Inventory		3,864	3,706	3,518	3,385	3,472
Debtors Days	Days	50	49	50	53	53
Debtors - Receivables		4,253	4,238	4,154	4,392	4,496
Creditors Days	Days	41	40	40	44	44
Creditors - Suppliers		1,799	1,807	1,694	1,798	1,844
Operating Cycle (Days)	Days	138	131	134	135	135
Cash Cycle (Days)	Days	97	91	93	92	92

Source: Official Consolidated Financial Statements, VRS Estimates & Calculations.
Gross profit is calculated by deducting cost of sales (net of depreciation, wherever applicable) from revenues.

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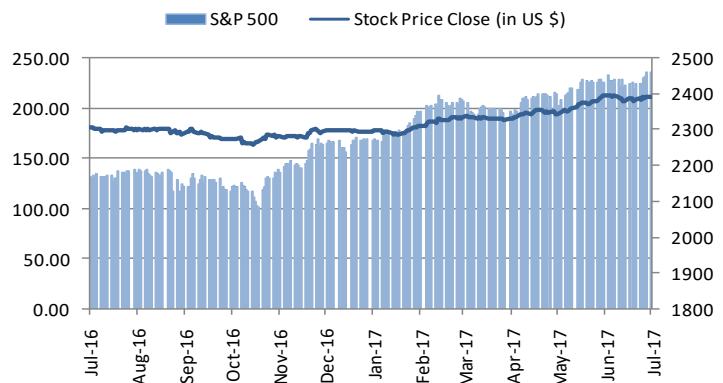
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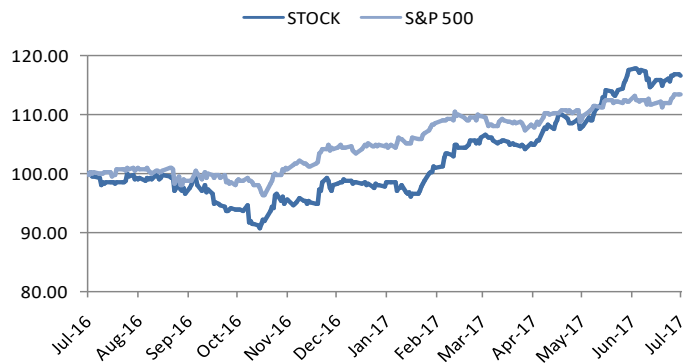
Business Sector / Industry: Industrials / Capital Goods

Stock Versus S&P 500 Index
(Last 52 Weeks or since listing, Stock Price in \$, Index in points)



Source: Historical Data, Yahoo! Finance. Note: Share price performance based on price closes on Stock Exchange.
Period as day/month/year.

Stock Versus S&P 500 Index
(Last 52 Weeks or since listing, Base = 100)



Source: Historical Data, Yahoo! Finance. Note: Share price performance based on price closes on Stock Exchange.
Period as day/month/year.

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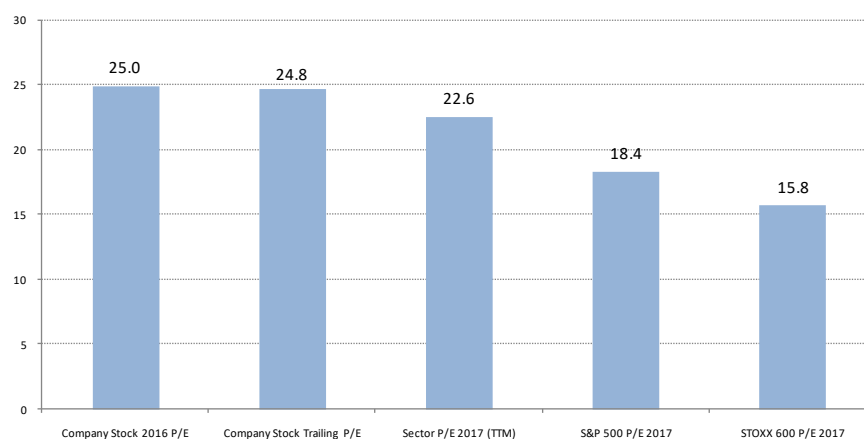
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Company Historic P/E Multiple versus Market P/E Multiples (x)



Source: VRS calculations based on consolidated accounts, FACTSET.

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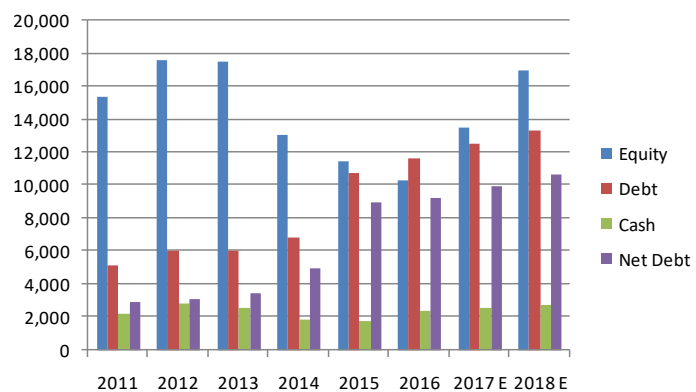
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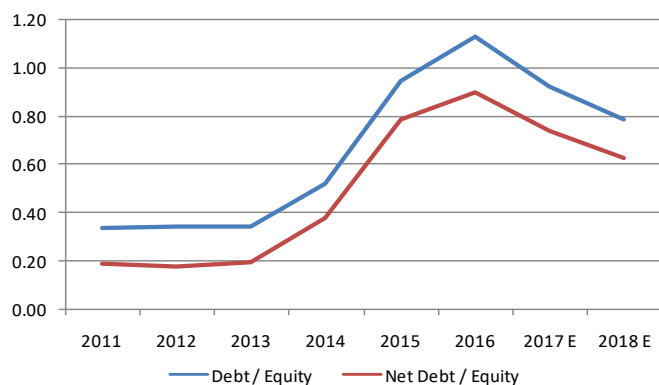
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Equity, Debt, Cash & Net Debt
(in \$ millions)



Source: Company, VRS estimates

"Debt/Equity" & "Net Debt/Equity" Ratios
(times)



Source: Company, VRS estimates

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Consolidated Sales & EBIT Breakdown for FY 2016 and 2015, Geographically (in \$ millions)

Consolidated Sales Breakdown (\$ millions)

	2016	2015
United States	12,188	12,049
Asia Pacific	8,847	9,041
Europe, Middle East and Africa	6,163	6,228
Latin America and Canada	2,901	2,982
Other Unallocated	10	-26
TOTAL	30,109	30,274

Source: Company's Data Book Q1 2017

Consolidated EBIT Breakdown (\$ millions)

	2016	2015
United States	2,948	2,647
Asia Pacific	2,560	2,580
Europe, Middle East and Africa	1,046	1,017
Latin America and Canada	705	706
Other Unallocated	-36	-4
TOTAL	7,223	6,946

Source: Company's Data Book Q1 2017

Source: Company

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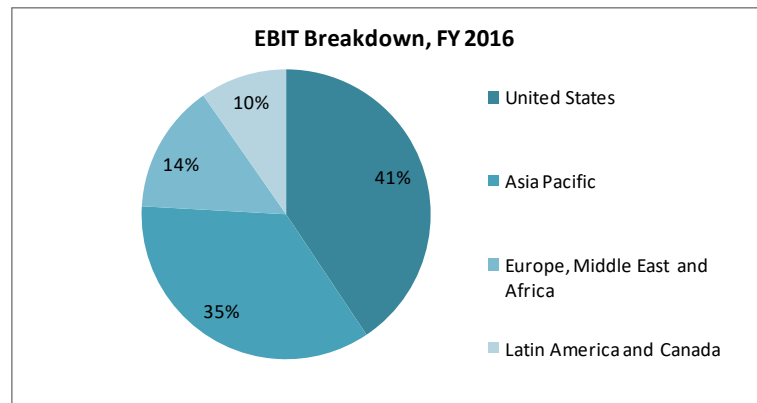
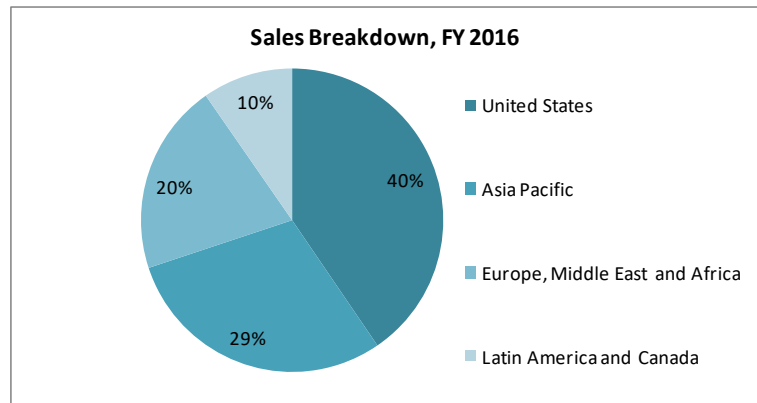
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Consolidated Sales & EBIT Breakdown for FY 2016, Geographically (%)



Source: Company

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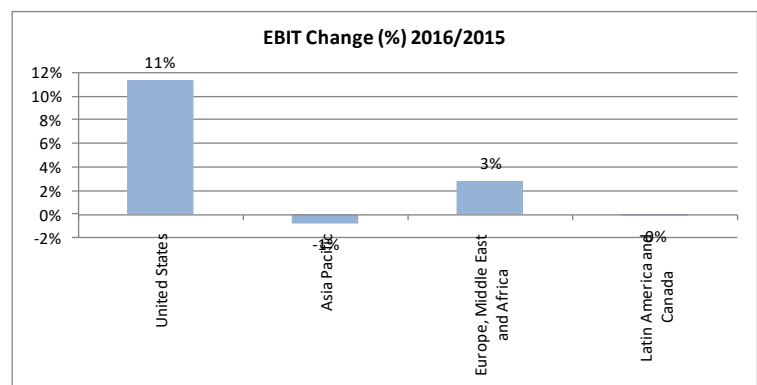
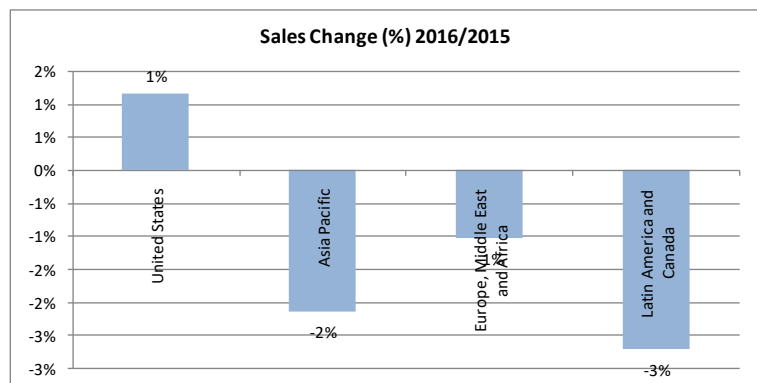
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Consolidated Sales & EBIT Growth Rates for FY 2016/2015, Geographically



Source: Company

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DISCLOSURE CHECKLIST

Covered Company	Bloomberg	Reuters	Stock Price	Date	Disclosure
3M COMPANY	MMM:US	MMM.N	\$ 211.31	July 18, 2017	----

1. VRS has acted as financial consultant for the covered company within the past 24 months.
2. VRS has sent the research report to the covered company, prior to publication or dissemination, for factual verification.
3. VRS has changed the contents of the initially sent report, with respect to: factual changes have been made.
4. VRS has received compensation from the covered company for the preparation of this research report.
5. VRS produces research reports for this company on systematic basis.
6. VRS produces research reports for this company on demand basis.
7. VRS has produced a research report for this company within the past 12 months.

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