## 3M Reports Second-Quarter 2021 Results

## Second-Quarter Highlights:

- Sales of $\$ 8.9$ billion, up 24.7 percent year-on-year
- Organic local-currency sales increased 21.4 percent year-on-year
- Both GAAP and adjusted earnings per share of $\$ 2.59$
- Operating cash flow of $\$ 1.9$ billion; adjusted free cash flow of $\$ 1.6$ billion, up 2 percent year-on-year


## - Returned $\$ 1.4$ billion to shareholders via dividends and gross share repurchases

## - Updated full-year 2021 outlook: Earnings per share of \$9.70 to \$10.10 vs. $\$ 9.20$ to $\$ 9.70$, previously

ST. PAUL, Minn., July 27, 2021 /PRNewswire/ -- 3M (NYSE: MMM) today reported secondquarter 2021 results and updated its 2021 full-year outlook.
"3M delivered strong performance in the second quarter, once again posting organic growth across all business groups and geographic areas, along with increased earnings and robust cash flow," said Mike Roman, 3M chairman and chief executive officer. "In an uncertain economic environment, our team executed well and drove innovation across our businesses, while continuing to build for the future. Looking forward, we remain focused on investing in growth opportunities coming out of the pandemic, improving productivity, advancing sustainability and delivering differentiated value for our customers and shareholders."

## Second-Quarter Results

Sales grew 24.7 percent year-on-year to $\$ 8.9$ billion. Organic local-currency sales increased 21.4 percent while divestitures decreased sales by 0.7 percent. Foreign currency translation increased sales by 4.0 percent year-on-year.

Total sales grew 28.1 percent in Transportation and Electronics, 24.9 percent in Health Care, 22.4 percent in Safety and Industrial, and 20.4 percent in Consumer. Organic localcurrency sales increased 24.2 percent in Transportation and Electronics, 23.2 percent in Health Care, 17.8 percent in Consumer, and 17.6 percent in Safety and Industrial.

On a geographic basis, total sales grew 28.7 percent in EMEA (Europe, Middle East and Africa), 26.1 percent in the Americas, and 20.2 percent in Asia Pacific. Organic localcurrency sales grew 25.6 percent in the Americas, 20.1 percent in EMEA, and 15.4 percent
in Asia Pacific.
Both second-quarter GAAP and adjusted earnings were $\$ 2.59$ per share, resulting in year-on-year increases of 15 percent and 44 percent on a GAAP and adjusted-basis, respectively. Second quarter operating income was $\$ 2.0$ billion with operating margins of 22.0 percent, as referenced in the "Supplemental Financial Information Non-GAAP Measures" section.

The company's operating cash flow was $\$ 1.9$ billion with adjusted free cash flow of $\$ 1.6$ billion contributing to adjusted free cash flow conversion of 103 percent. 3M returned $\$ 1.4$ billion to shareholders in the second quarter of 2021, including $\$ 858$ million in cash dividends and $\$ 503$ million of gross share repurchases. See the "Supplemental Financial Information Non-GAAP Measures" section for applicable information.

## Full-Year 2021 Outlook

Based on a strong first half of the year, 3M updated its guidance for full-year 2021. The company expects reported total sales growth of 7 to 10 percent with organic local-currency sales growth in the range of 6 to 9 percent. This compares to the company's prior expectations for total sales growth of 5 to 8 percent with organic local-currency growth of 3 to 6 percent. 3M now forecasts earnings in the range of $\$ 9.70$ to $\$ 10.10$ per share versus a prior expectation of $\$ 9.20$ to $\$ 9.70$. The company expects full-year free cash flow conversion to be in the range of 90 to 100 percent versus a previous range of 95 to 105 percent, as referenced in the "Supplemental Financial Information Non-GAAP Measures" section.

## Second-Quarter Business Group Discussion

## Safety and Industrial

- Sales of $\$ 3.3$ billion, up 22.4 percent in U.S. dollars. Organic local-currency sales increased 17.6 percent and foreign currency translation increased sales by 4.8 percent.
- On an organic local-currency basis:
- Sales increased in automotive aftermarket, roofing granules, abrasives, industrial adhesives and tapes, electrical markets, and closure and masking; sales declined in personal safety.
- Sales grew across all geographic areas.
- Segment operating income was $\$ 718$ million, an increase of 15 percent year-on-year; operating margins of 22.1 percent.


## Transportation and Electronics

- Sales of $\$ 2.5$ billion, up 28.1 percent in U.S. dollars. Organic local-currency sales increased 24.2 percent and foreign currency translation increased sales by 3.9 percent.
- On an organic local-currency basis:
- Sales increased in automotive and aerospace, commercial solutions, advanced materials, transportation safety, and electronics.
- Sales grew across all geographic areas.
- Segment operating income was $\$ 546$ million, an increase of 52 percent year-on-year; operating margins of 22.0 percent.


## Health Care

- Sales of $\$ 2.3$ billion, up 24.9 percent in U.S. dollars. Organic local-currency sales increased 23.2 percent, foreign currency translation increased sales by 4.3 percent and divestitures decreased sales by 2.6 percent.
- On an organic local-currency basis:
- Sales increased in oral care, food safety, medical solutions, separation and purification, and health information systems.
- Sales grew across all geographic areas.
- Segment operating income was $\$ 576$ million, an increase of 92 percent year-on-year; operating margins were 25.3 percent.


## Consumer

- Sales of $\$ 1.5$ billion, up 20.4 percent in U.S. dollars. Organic local-currency sales increased 17.8 percent and foreign currency translation increased sales by 2.6 percent.
- On an organic local-currency basis:
- Sales increased in stationery and office supplies, consumer health and safety, home improvement, and home care.
- Sales grew across all geographic areas.
- Segment operating income was $\$ 311$ million, up 12 percent year-on-year; operating margins were 21.0 percent.

3 M will conduct an investor teleconference at 9:00 a.m. EDT (8:00 a.m. CDT) today. Investors can access this conference via the following:

- Live webcast at http://investors.3M.com.
- Live telephone:

Call 800-762-2596 within the U.S. or +1 212-231-2916 outside the U.S. Please join the call at least 10 minutes before the start time.

- Webcast replay:

Go to 3M's Investor Relations website athttp://investors.3M.com and click on "Quarterly Earnings."

- Telephone replay:

Call 800-633-8284 within the U.S. or +1 402-977-9140 outside the U.S. (for both U.S. and outside the U.S., the access code is 21972036 ). The telephone replay will be available until 11:30 a.m. EDT (10:30 a.m. CDT) on August 3, 2021.

## Forward-Looking Statements

This news release contains forward-looking information about 3M's financial results and estimates and business prospects that involve substantial risks and uncertainties. You can identify these statements by the use of words such as "anticipate," "estimate," "expect," "aim," "project," "intend," "plan," "believe," "will," "should," "could," "target," "forecast" and other words and terms of similar meaning in connection with any discussion of future operating or financial performance or business plans or prospects. Among the factors that could cause actual results to differ materially are the following: (1) worldwide economic, political, regulatory, capital markets and other external conditions and other factors beyond the Company's control, including natural and other disasters or climate change affecting the
operations of the Company or its customers and suppliers; (2) risks related to public health crises such as the global pandemic associated with the coronavirus (COVID-19); (3) foreign currency exchange rates and fluctuations in those rates; (4) liabilities related to certain fluorochemicals, including lawsuits concerning various PFAS-related products and chemistries, and claims and governmental regulatory proceedings and inquiries related to PFAS in a variety of jurisdictions; (5) legal proceedings, including significant developments that could occur in the legal and regulatory proceedings described in the Company's Annual Report on Form 10-K for the year ended Dec. 31, 2020, and any subsequent quarterly reports on Form 10-Q (the "Reports"); (6) competitive conditions and customer preferences; (7) the timing and market acceptance of new product offerings; (8) the availability and cost of purchased components, compounds, raw materials and energy (including oil and natural gas and their derivatives) due to shortages, increased demand or supply interruptions (including those caused by natural and other disasters and other events); (9) unanticipated problems or delays with the phased implementation of a global enterprise resource planning (ERP) system, or security breaches and other disruptions to the Company's information technology infrastructure; (10) the impact of acquisitions, strategic alliances, divestitures and other unusual events resulting from portfolio management actions and other evolving business strategies, and possible organizational restructuring; (11) operational execution, including scenarios where the Company generates fewer productivity improvements than estimated; (12) financial market risks that may affect the Company's funding obligations under defined benefit pension and postretirement plans; (13) the Company's credit ratings and its cost of capital; and (14) tax-related external conditions, including changes in tax rates, laws or regulations. Changes in such assumptions or factors could produce significantly different results. A further description of these factors is located in the Reports under "Cautionary Note Concerning Factors That May Affect Future Results" and "Risk Factors" in Part I, Items 1 and 1A (Annual Report) and in Part I, Item 2 and Part II, Item 1A (Quarterly Reports), as updated by applicable Current Reports on Form 8-K. The information contained in this news release is as of the date indicated. The Company assumes no obligation to update any forward-looking statements contained in this news release as a result of new information or future events or developments.

| 3M Company and Subsidiaries CONSOLIDATED STATEMENT OF INCOME <br> (Millions, except per-share amounts) (Unaudited) |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Three months ended June 30, |  |  | Six months end June 30, |  |  |
|  | 2021 | 2020 |  | 2021 |  | : |
| Net sales | 8,950 | \$ | 7,176 | \$ | 17,801 | \$ |
| Operating expenses |  |  |  |  |  |  |
| Cost of sales | 4,719 |  | 3,805 |  | 9,244 |  |
| Selling, general and administrative expenses | 1,746 |  | 1,594 |  | 3,554 |  |
| Research, development and related expenses | 514 |  | 424 |  | 1,038 |  |
| Gain on sale of businesses | - |  | (387) |  | - |  |


| Total operating expenses |  |  |  |  | 13,836 |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 6,979 |  | 5,436 |  |  |  |  |
| Operating income |  | 1,971 |  | 1,740 |  | 3,965 |  |
| Other expense (income), net |  | 33 |  | 90 |  | 82 |  |
| Income before income taxes |  | 1,938 |  | 1,650 |  | 3,883 |  |
| Provision for income taxes |  | 415 |  | 347 |  | 734 |  |
| Income of consolidated group |  | 1,523 |  | 1,303 |  | 3,149 |  |
| Income (loss) from unconsolidated subsidiaries, net of taxes |  | 2 |  | - |  | 3 |  |
| Net income including noncontrolling interest |  | 1,525 |  | 1,303 |  | 3,152 |  |
| Less: Net income (loss) attributable to noncontrolling interest |  | 1 |  | (3) |  | 4 |  |
| Net income attributable to 3M | \$ | 1,524 | \$ | 1,306 | \$ | 3,148 | \$ |
| Weighted average 3M common shares outstanding - basic |  | 581.0 |  | 577.0 |  | 580.7 |  |
| Earnings per share attributable to 3 M common shareholders - basic | \$ | 2.62 | \$ | 2.26 | \$ | 5.42 | \$ |
| Weighted average 3M common shares outstanding - diluted |  | 588.6 |  | 580.8 |  | 587.4 |  |
| Earnings per share atributable to 3 M common shareholders - diluted | \$ | 2.59 | \$ | 2.25 | \$ | 5.36 | \$ |

3M Company and Subsidiaries
CONDENSED CONSOLIDATED BALANCE SHEET
(Dollars in millions)
(Unaudited)

| June 30, | December 31, |
| :---: | :---: |
| 2021 | 2020 |

## ASSETS

Current assets

| Cash and cash equivalents | \$ | 4,695 | \$ | 4,634 |
| :---: | :---: | :---: | :---: | :---: |
| Marketable securities - current |  | 805 |  | 404 |
| Accounts receivable - net |  | 4,991 |  | 4,705 |
| Inventories |  | 4,842 |  | 4,239 |
| Prepaids |  | 633 |  | 675 |
| Other current assets |  | 377 |  | 325 |
| Total current assets |  | 16,343 |  | 14,982 |
| Property, plant and equipment - net |  | 9,358 |  | 9,421 |
| Operating lease right of use assets |  | 872 |  | 864 |
| Goodwill and intangible assets - net |  | 19,294 |  | 19,637 |
| Other assets |  | 2,440 |  | 2,440 |
| Total assets | \$ | 48,307 | \$ | 47,344 |

## LIABILITIES AND EQUITY

Current liabilities
Short-term borrowings and

| current portion of long-term debt | \$ | 1,981 | \$ | 806 |
| :---: | :---: | :---: | :---: | :---: |
| Accounts payable |  | 2,931 |  | 2,561 |
| Accrued payroll |  | 832 |  | 747 |
| Accrued income taxes |  | 247 |  | 300 |
| Operating lease liabilities - current |  | 268 |  | 256 |
| Other current liabilities |  | 3,181 |  | 3,278 |
| Total current liabilities |  | 9,440 |  | 7,948 |
| Long-term debt |  | 16,267 |  | 17,989 |
| Other liabilities |  | 8,084 |  | 8,476 |
| Total liabilities | \$ | 33,791 | \$ | 34,413 |
| Total equity | \$ | 14,516 | \$ | 12,931 |
| Shares outstanding |  |  |  |  |
| June 30, 2021: 578,638,253 |  |  |  |  |
| December 31, 2020: 577,749,638 |  |  |  |  |
| Total liabilities and equity | \$ | 48,307 | \$ | 47,344 |

3M Company and Subsidiaries CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Dollars in millions)
(Unaudited)


Net increase (decrease) in cash and cash equivalents
Cash and cash equivalents at beginning of year

Cash and cash equivalents at end of period

| 61 | 1,866 |
| ---: | ---: |
| 4,634 |  |

$\$ 4,695 \quad \$ \quad 4,21$ C

3M Company and Subsidiaries SUPPLEMENTAL FINANCIAL INFORMATI NON-GAAP MEASURES
(Unaudited)

(a) In addition to reporting financial results in accordance with U.S. GAAP, the Company also provides non-GAAP measures that adjust for the impact of special items. Special items for the periods presented include the items described in the section entitled "Description of Special Items". Operating income (measure of segment operating performance), income before taxes, net income, earnings per share, and effective tax rate are all measures for which 3 M provides the reported GAAP measure and a measure adjusted for special items. The adjusted measures are not in accordance with, nor are they a substitute for, GAAP measures. The Company considers these non-GAAP measures in evaluating and managing the Company's operations. The Company believes that discussion of results adjusted for these items is meaningful to investors as it provides a useful analysis of ongoing underlying operating trends. The determination of these items may not be comparable to similarly titled measures used by other companies.

3M Company and Subsidiaries
SUPPLEMENTAL FINANCIAL INFORMATION NON-GAAP MEASURES - (CONTINUED)
(Unaudited)

| Major GAAP Cash Flow Categories (dollars in millions) | Three months ended June 30, |  |  |  | Six mor |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 2021 |  | 2020 |  | 2021 |  |
| Net cash provided by (used in) operating activities | \$ | 1,887 | \$ | 1,905 | \$ | 3,575 |
| Net cash provided by (used in) investing activities |  | (674) |  | 577 |  | $(1,043)$ |
| Net cash provided by (used in) financing activities |  | $(1,183)$ |  | $(2,509)$ |  | $(2,434)$ |

Free cash flow (non-GAAP measure) (dollars in billions)
Net cash provided by (used in) operating activities
Purchases of property, plant and equipment
Free cash flow ${ }^{(b)}$

Net income attributable to 3M
Free cash flow conversion (b)

(b) Free cash flow and free cash flow conversion are not defined under U.S. generally accepted accounting principles (GAAP). Therefore, they should not be considered a substitute for income or cash flow data prepared in accordance with U.S. GAAP and may not be comparable to similarly titled measures used by other companies. The Company defines free cash flow as net cash provided by operating activities less purchases of property, plant and equipment. It should not be inferred that the entire free cash flow amount is available for discretionary expenditures. The Company defines free cash flow conversion as free cash flow divided by net income attributable to 3M. The Company believes free cash flow and free cash flow conversion are meaningful to investors as they function as useful measures of performance and the Company uses these measures as an indication of the strength of the company and its ability to generate cash.
(c) Adjusted free cash flow and adjusted free cash flow conversion are not defined under U.S. GAAP. Therefore, they should not be considered a substitute for income or cash flow data prepared in accordance with U.S. GAAP and may not be comparable to similarly titled measures used by other companies. The Company defines adjusted free cash flow as net cash provided by operating activities, adjusted for special items, less purchases of property, plant and equipment. Cash payments associated with special items in the determination of adjusted free cash flow are reflected net of applicable tax using the U.S. statutory corporate tax rate during the period of payment. It should not be inferred that the entire adjusted free cash flow amount is available for discretionary expenditures. The Company defines adjusted free cash flow conversion as adjusted free cash flow divided by net income attributable to 3M, adjusted for special items. Special items for the periods presented include the items described in section entitled "Description of Special Items". The Company believes adjusted free cash flow and adjusted free cash flow conversion are meaningful to investors as they are useful measures of performance and the Company uses these measures as an indication of the strength of the company and its ability to generate cash.

| (Dollars in millions) | 3M Company and Subsidiaries <br> SUPPLEMENTAL FINANCIAL INFORMATION NON-GAAP MEASURES - (CONTINUED) (Unaudited) |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | Adjusted EBITDA (non-GAAP measure) <br> (d) |  |  |  | Adjusted |
|  | Three months ended June 30, |  |  |  |  |
|  | 2021 |  | 2020 |  | 20 |
| Safety and Industrial | \$ | 868 | \$ | 767 |  |
| Transportation and Electronics |  | 649 |  | 477 |  |
| Health Care |  | 737 |  | 457 |  |
| Consumer |  | 348 |  | 313 |  |
| Corporate and Unallocated |  | (21) |  | 5 |  |
| Elimination of Dual Credit |  | (138) |  | (119) |  |
| Total Company | \$ | 2,443 | \$ | 1,900 |  |
|  | Adjusted EBITDA (non-GAAP measure) ${ }^{\text {( }}$ () |  |  |  | Adjusted I |
|  | Six months ended June 30, |  |  |  |  |
| (Dollars in millions) | 2021 |  | 2020 |  | 20: |
| Safety and Industrial | \$ | 1,820 | \$ | 1,585 |  |
| Transportation and Electronics |  | 1,339 |  | 1,041 |  |
| Health Care |  | 1,404 |  | 1,061 |  |
| Consumer |  | 671 |  | 612 |  |
| Corporate and Unallocated |  | (40) |  | (49) |  |
| Elimination of Dual Credit |  | (297) |  | (232) |  |
| Total Company | \$ | 4,897 | \$ | 4,018 |  |



3M Company and Subsidiaries SUPPLEMENTAL FINANCIAL INFORM NON-GAAP MEASURES - (CONTINI (Unaudited)

(Gain)/loss on sale of businesses

Divestiture-related restructuring actions
Adjusted EBITDA (non-GAAP measure) ${ }^{\text {(d) }}$

Adjusted EBITDA margin (non-GAAP measure) ${ }^{(d)}$

| Adjusted EBITDA (non-GAAP measure) |
| :--- |
| Six months ended June 30, 2021 (dollars in millions) |
| Net sales |
| Business segment operating income (measure of segment operating performance) |
| Add/(subtract): |
| Depreciation and amortization |
| Adjustments for special items: |
| None |
| Adjusted EBITDA (non-GAAP measure) (d) |



| Adjusted EBITDA (non-GAAP measure) <br> Six months ended June 30, 2020 (dollars in millions) | Safety and Industrial |  |  | Transportation and Electronics |  | 1 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Net sales | \$ | 5,584 |  | \$ | 4,176 |  |
| Business segment operating income (measure of segment operating performance) |  | 1,317 |  |  | 824 |  |
| Add/(subtract): |  |  |  |  |  |  |
| Depreciation and amortization |  | 268 |  |  | 217 |  |
| Adjustments for special items: |  |  |  |  |  |  |
| Significant litigation-related charges/benefits (Gain)/loss on sale of businesses |  |  |  |  |  |  |
| Divestiture-related restructuring actions |  |  |  |  |  |  |
| Adjusted EBITDA (non-GAAP measure) ${ }^{\text {(d) }}$ | \$ | 1,585 |  | \$ | 1,041 |  |
| Adjusted EBITDA margin (non-GAAP measure) ${ }^{(d)}$ |  | 28.4 | \% |  | 24.9 |  |

3M Company and Subsidiaries SUPPLEMENTAL FINANCIAL INFORM NON-GAAP MEASURES - (CONTINI (Unaudited)
(d) Adjusted EBITDA and adjusted EBITDA margin are not defined under U.S. GAAP. Therefore, adjusted EBITDA and adjusted EBITDA margin should not be considered a substitute for other measures prepared in accordance with U.S. GAAP and may not be comparable to similarly titled measures used by other companies. The Company defines adjusted EBITDA as net income attributable to 3 M , adjusted for net income/(loss) attributable to noncontrolling interest, (income)/loss from unconsolidated subsidiaries, provision for income taxes, other expense/(income), depreciation and amortization expense, and special items. For business segments, the Company defines adjusted EBITDA as business segment operating income (3M's measure of segment operating performance) adjusted for depreciation and amortization expense. The Company defines adjusted EBITDA margin as adjusted EBITDA divided by net sales. Special items for the periods presented include the items described in the section entitled "Description of Special Items". The Company considers these non-GAAP measures in evaluating and managing the Company's operations. The Company believes adjusted EBITDA and adjusted EBITDA margin are meaningful to investors as they provide useful analyses of ongoing underlying operating trends.

| Net Debt (non-GAAP measure) | $\begin{gathered} \text { June 30, } \\ 2021 \\ \hline \end{gathered}$ |  | $\begin{gathered} \text { December 31, } \\ 2020 \\ \hline \end{gathered}$ |  |
| :---: | :---: | :---: | :---: | :---: |
| Total debt | \$ | 18,248 | \$ | 18,795 |
| Less: Cash, cash equivalents and marketable securities |  | 5,531 |  | 5,068 |
| Net debt ${ }^{(e)}$ | \$ | 12,717 | \$ | 13,727 |

(e) Net debt is not defined under U.S. GAAP and may not be computed the same as similarly titled measures used by other companies. The Company defines net debt as total debt less the total of cash, cash equivalents and current and long-term marketable securities. 3 M believes net debt is meaningful to investors as 3 M considers net debt and its components to be an important indicator of liquidity and a guiding measure of capital structure strategy.

## Description of Special Items:

In addition to reporting financial results in accordance with U.S. GAAP, the Company also provides various non-GAAP measures that incorporate adjustments for the impacts of special items. Special items incorporated in the preparation of these non-GAAP measures for the periods presented include the items described below:

## Significant litigation-related charges/benefits:

- In the first quarter of 2020, 3M recorded a net pre-tax charge of $\$ 17$ million ( $\$ 13$ million after tax) related to PFAS (certain perfluorinated compounds) matters. The charge was more than offset by a reduction in tax expense of $\$ 52$ million related to resolution of tax treatment with authorities regarding the previously disclosed 2018 agreement reached with the State of Minnesota that resolved the Natural Resources Damages lawsuit. These items, in aggregate, resulted in a $\$ 39$ million after-tax benefit. In the second quarter of 2021 and 2020, 3M made payments of approximately $\$ 3$ million and $\$ 18$ million, respectively, related to significant litigation-related matters. In the first six months of 2021 and 2020, 3M made payments of approximately $\$ 7$ million and $\$ 81$ million, respectively, related to signification litigation-related matters.


## Gain/loss on sale of businesses:

- In the first quarter of 2020, 3M recorded a pre-tax gain of $\$ 2$ million ( $\$ 1$ million loss after tax) related to the sale of its advanced ballistic-protection business and recognition of certain contingent consideration. In the second quarter of 2020, 3M recorded a pre-tax gain of $\$ 387$ million ( $\$ 304$ million after tax) related to the sale of its
drug delivery business.


## Divestiture-related restructuring actions:

- In the second quarter and first six months of $2021,3 \mathrm{M}$ made payments of approximately $\$ 4$ million and $\$ 5$ million, respectively, associated with divestiturerelated restructuring actions.
- In the second quarter of 2020, following the divestiture of substantially all of the drug delivery business, management approved and committed to undertake certain restructuring actions addressing corporate functional costs and manufacturing footprint across 3 M in relation to the magnitude of amounts previously allocated/burdened to the divested business. As a result, 3M recorded a pre-tax charge of $\$ 55$ million ( $\$ 46$ million after tax).


## Enactment/measurement period adjustments related to the Tax Cuts and Jobs Act (TCJA)

- In the second quarter and first six months of 2021, 3M made payments of approximately $\$ 68$ million and $\$ 77$ million, respectively, related to the transition tax expense incurred as a result of the 2017 enactment of the TCJA.


| By Geographic Area | Americas | \% | Pacific | \% | Africa | \% | Wide |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Volume - organic | 14.5 |  | 14.5 |  | 11.4 |  | 1 |
| Price | 0.8 |  | (0.5) |  | 0.7 |  | 1 |
| Organic local-currency sales | 15.3 |  | 14.0 |  | 12.1 |  | 1. |
| Divestitures | (1.2) |  | - |  | (2.4) |  | (1 |
| Translation | 0.5 |  | 5.1 |  | 9.0 |  |  |
| Total sales change | 14.6 | \% | 19.1 | \% | 18.7 | \% | 1 |


|  | Six months ended June 30, 2021 |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Worldwide Sales Change By Business Segment | Organic localcurrency sales |  | Acquisitions |  | Divestitures |  | Translation |  | Total sa chang |
| Safety and Industrial | 13.7 | \% | - | \% | - | \% | 4.1 | \% | 1 |
| Transportation and Electronics | 16.4 |  | - |  | - |  | 3.6 |  | 2 |
| Health Care | 15.8 |  | - |  | (4.3) |  | 3.7 |  | $1!$ |
| Consumer | 12.8 |  | - |  | - |  | 2.3 |  | $1!$ |
| Total Company | 14.3 | \% | - | \% | (1.1) | \% | 3.5 | \% | 1 |

(f) Total sales change is calculated based on reported sales results. The components of sales change include organic localcurrency sales, acquisitions, divestitures, and translation. Organic local-currency sales include both organic volume impacts (which excludes acquisition and divestiture impacts) and selling price changes. Acquisition and divestiture impacts are measured separately for the first 12 months post-transaction.

## 3M Company and Subsidiaries BUSINESS SEGMENTS

(Unaudited)

3M discloses business segment operating income as its measure of segment profit/loss, reconciled to both total 3M operating income and income before taxes. Note 19 to 3M's consolidated financial statements in its 2020 Annual Report on Form 10-K describes 3M's business segments and measure of segment operating performance used by 3M's chief operating decision maker (CODM). As discussed therein, the measure of segment operating performance includes dual credit for certain related operating income and excludes certain expenses and income that are not allocated to business segments and instead reflected in Corporate and Unallocated. Additionally, the following special items are excluded from business segment operating income and, instead, are included within Corporate and Unallocated: significant litigation-related charges/benefits, gain/loss on sale of businesses, and divestiture-related restructuring actions.

Effective in the first quarter of 2021, the measure of segment operating performance used by 3M's CODM changed and, as a result, 3M's disclosed measure of segment profit/loss (business segment operating income) was updated. The change to business segment operating income aligns with the update to how the CODM assesses performance and allocates resources for the Company's business segments. The change included the following:

The extent of allocation and method of attribution of certain net costs were updated to result in fewer items remaining in Corporate and Unallocated and, instead, including them in 3M's business segments' operating performance. Previously, a larger portion of ongoing corporate staff costs and costs associated with centrally managed material resource centers was retained in Corporate and Unallocated. In addition, portions of pension costs and costs associated with certain centrally managed but ongoing business-related legal matters, along with certain insurancerelated costs, were retained in Corporate and Unallocated.

## Continued alignment of customer account activity

As part of 3M's regular customer-focus initiatives, the Company realigned certain customer account activity ("sales district") to correlate with the primary divisional product offerings in various countries and reduce complexity for customers when interacting with multiple 3M businesses. This impacted the amount of dual credit certain business segments receive as a result of sales district attribution.

Also effective in the first quarter of 2021, within 3M's Consumer business segment, certain safety products formerly within the Construction and Home Improvement Division and the Stationery and Office Division were moved to the newly-named Consumer Health and Safety Division (formerly the Consumer Health Care Division).

The financial information presented herein reflects the impact of the preceding changes for all periods presented.

| BUSINESS SEGMENT INFORMATION <br> NET SALES <br> (Millions) | Three months ended June 30, |  |  |  | Six months ended June 30, |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 2021 |  | 2020 |  | 2021 |  | 2020 |  |
| Safety and Industrial | \$ | 3,254 | \$ | 2,657 | \$ | 6,581 | \$ | 5,584 |
| Transportation and Electronics |  | 2,482 |  | 1,937 |  | 5,013 |  | 4,176 |
| Health Care |  | 2,278 |  | 1,823 |  | 4,526 |  | 3,927 |
| Consumer |  | 1,482 |  | 1,231 |  | 2,855 |  | 2,481 |
| Corporate and Unallocated |  | 1 |  | 1 |  | (1) |  | 1 |
| Elimination of Dual Credit |  | (547) |  | (473) |  | $(1,173)$ |  | (918) |
| Total Company | \$ | 8,950 | \$ | 7,176 | \$ | 17,801 | \$ | 15,251 |
| BUSINESS SEGMENT INFORMATION OPERATING INCOME | Three months ended June 30, |  |  |  | Six months ended June 30, |  |  |  |
| (Millions) | 2021 |  | 2020 |  | 2021 |  | 2020 |  |
| Safety and Industrial | \$ | 718 | \$ | 623 | \$ | 1,529 | \$ | 1,317 |
| Transportation and Electronics |  | 546 |  | 360 |  | 1,137 |  | 824 |
| Health Care |  | 576 |  | 301 |  | 1,085 |  | 753 |
| Consumer |  | 311 |  | 278 |  | 600 |  | 543 |
| Elimination of Dual Credit |  | (138) |  | (119) |  | (297) |  | (232) |
| Total business segment operating income | \$ | 2,013 | \$ | 1,443 | \$ | 4,054 | \$ | 3,205 |

## Corporate and Unallocated

Special items:

| Significant litigation-related (charges)/benefits |  | - |  | - |  | - |  | (17) |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Gain/(loss) on sale of businesses |  | - |  | 387 |  | - |  | 389 |
| Divestiture-related restructuring actions |  | - |  | (55) |  | - |  | (55) |
| Other corporate expense - net |  | (42) |  | (35) |  | (89) |  | (119) |
| Total Corporate and Unallocated | \$ | (42) | \$ | 297 | \$ | (89) | \$ | 198 |
| Total Company operating income | \$ | 1,971 | \$ | 1,740 | \$ | 3,965 | \$ | 3,403 |
| Other expense/(income), net | \$ | 33 | \$ | 90 | \$ | 82 | \$ | 165 |
| Income before income taxes | \$ | 1,938 | \$ | 1,650 | \$ | 3,883 | \$ | 3,238 |


#### Abstract

About 3M At 3M, we apply science in collaborative ways to improve lives daily as our employees connect with customers all around the world. Learn more about 3M's creative solutions to the world's problems at www.3M.com or on Twitter @3M or @3MNews.


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