



# 2023 Third Quarter Earnings

(unaudited)

## **Mike Roman**

Chairman of the Board and  
Chief Executive Officer

## **Monish Patolawala**

President and Chief  
Financial Officer

## **Bruce Jermeland**

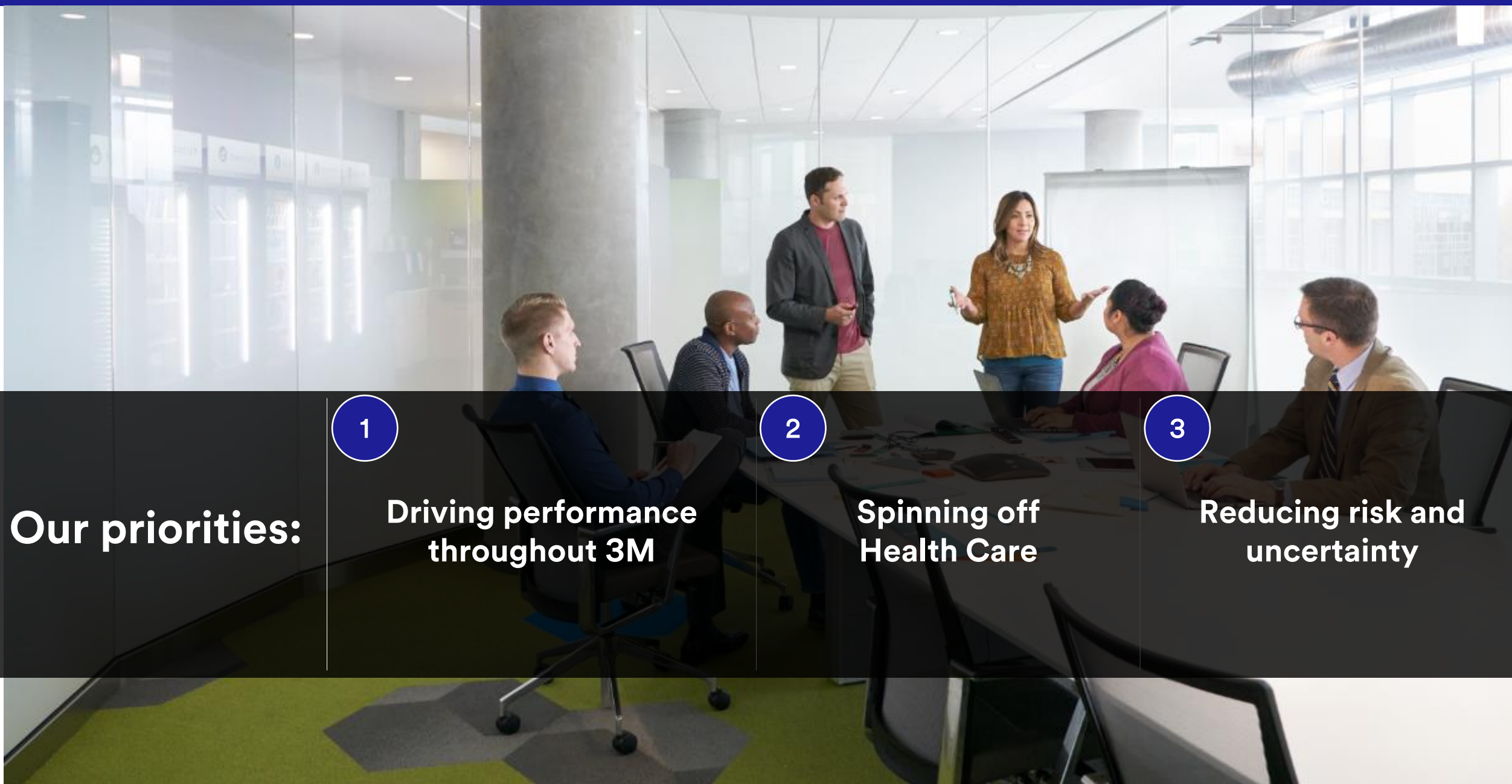
Senior Vice President,  
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# Forward-looking statements

This presentation 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 "plan," "expect," "aim," "believe," "project," "target," "anticipate," "intend," "estimate," "will," "should," "could," "would," "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, international trade, geopolitical, capital markets and other external conditions and other factors beyond the Company's control, including inflation, recession, military conflicts, natural and other disasters or climate change affecting the operations of the Company or its customers and suppliers; (2) risks related to unexpected events such as the public health crises associated with the coronavirus (COVID-19) global pandemic; (3) foreign currency exchange rates and fluctuations in those rates; (4) risks related to certain fluorochemicals, including liabilities related to claims, lawsuits, and government regulatory proceedings concerning various PFAS-related products and chemistries, as well as risks related to the Company's plans to exit PFAS manufacturing and discontinue use of PFAS across its product portfolio; (5) risks related to the proposed class-action settlement ("PWS Settlement") to resolve claims by public water systems in the United States regarding PFAS, including whether court approval of the PWS Settlement will be obtained, whether the number of plaintiffs that opt out of the PWS Settlement will exceed current expectations or will exceed the level that would permit 3M to terminate the PWS Settlement (and whether 3M will elect to terminate the PWS Settlement if this occurs), whether the PWS Settlement is appealed, the timing and amount of payments made under the PWS Settlement, and the impact of the PWS Settlement on other PFAS-related matters; (6) 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, 2022 and any subsequent quarterly reports on Form 10-Q (the "Reports"); (7) competitive conditions and customer preferences; (8) the timing and market acceptance of new product and service offerings; (9) the availability and cost of purchased components, compounds, raw materials and energy due to shortages, increased demand and wages, supply chain interruptions, or natural or other disasters; (10) 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; (11) the impact of acquisitions, strategic alliances, divestitures, and other strategic events resulting from portfolio management actions and other evolving business strategies; (12) operational execution, including the extent to which the Company can realize the benefits of planned productivity improvements, as well as the impact of organizational restructuring activities; (13) financial market risks that may affect the Company's funding obligations under defined benefit pension and postretirement plans; (14) the Company's credit ratings and its cost of capital; (15) tax-related external conditions, including changes in tax rates, laws or regulations; (16) matters relating to the proposed spin-off of the Company's Health Care business; and (17) matters relating to Combat Arms Earplugs ("CAE"), including those relating to the voluntary chapter 11 proceedings of the Company's subsidiary Aearo Technologies and certain of its affiliates ("Aearo Entities"), as well as those related to the August 2023 settlement that is intended to resolve, to the fullest extent possible, all litigation and alleged claims involving the CAE sold or manufactured by the Aearo Entities and/or 3M ("CAE Settlement"), including, but not limited to, whether the anticipated participation by plaintiffs in the CAE Settlement will be achieved, whether the number of plaintiffs that participate in the CAE Settlement will meet current expectations or will fall below the level that would permit 3M to terminate the CAE Settlement (and whether 3M will elect to terminate the CAE Settlement if this occurs), whether there will be a significant number of future claims by plaintiffs that decline to participate in the CAE Settlement, whether the CAE Settlement is appealed or challenged, whether the requirements applicable to the issuance of the equity securities that are contemplated to be part of the CAE Settlement will be met, the filing of additional, or the outcome of any other pending or future, litigation relating to the products that are the subject of the CAE Settlement, or changes in related 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). The Company assumes no obligation to update any forward-looking statements discussed herein as a result of new information or future events or developments.

## Note on non-GAAP financial measures

This presentation refers to certain non-GAAP financial measures. Refer to 3M's October 24, 2023, press release for descriptions of non-GAAP financial measures such as adjusted net sales (and adjusted sales change); adjusted purchases of property, plant and equipment (also referred to as adjusted capital expenditures); adjusted net cash provided by (used in) operating activities; adjusted free cash flow; adjusted free cash flow conversion; net debt; adjusted EBITDA (and adjusted EBITDA margin); and various measures that adjust for the impacts of special items. These non-GAAP measures are not in accordance with, nor are they a substitute for, GAAP measures. Reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures can be found in that press release.



# Our priorities:

1

**Driving performance throughout 3M**

2

**Spinning off Health Care**

3

**Reducing risk and uncertainty**

# Advancing our priorities in Q3:

1

## Driving performance throughout 3M

- Strong operational execution delivered 160 bps of YoY adjusted operating income margin expansion; sequential improvement across all business groups
- Progressing with restructuring to streamline the organization by reducing structural cost, and optimizing commercial models to be closer to customers
- Advancing supply chain performance to improve service, drive productivity and yield, expand gross margins, and increase cash conversion
- Positioning 3M for future growth, including investments in automotive electrification, climate technology, and industrial automation

2

## Spinning off Health Care

- Progressing toward 1H 2024 completion
- Building strong leadership team and Board

3

## Reducing risk and uncertainty

- Announced settlement agreement intended to resolve all Combat Arms Earplugs claims
- Court granted preliminary PFAS settlement agreement approval

# Building momentum through operational execution

## Q3 2023 performance

### Adjusted Sales of \$8B

vs. \$7.9 to \$8B guidance

#### Adj. organic growth of -3.1%

*Includes ~1.7 ppt headwind from disposable respirator decline and 2022 exit of Russia*

- End-market trends largely in-line with expectations
  - Softness in electronics, consumer retail, and China
  - Disposable respirator decline in-line with expectations
  - Strength in automotive OEM

### Adjusted Op. Income Margin of 23.2%

- Adjusted op. income margin up 160 bps YoY, including 80 bps of restructuring & related charges
- Adjusted op. income margin up 390 bps sequentially
- All business groups delivered significant sequential margin improvement

### Adjusted EPS of \$2.68

vs. \$2.25 to \$2.40 guidance

- Adjusted EPS up 3% YoY
- Strong operational execution
- Ongoing proactive spending discipline
- Includes \$0.10 per share restructuring & related charges (prior guidance midpoint of \$0.22)

### Adjusted Free Cash Flow of \$1.9B

- Adjusted free cash flow conversion of 130%
- Relentless focus on working capital management
- Continuing to invest in growth, productivity, and sustainability

**Increasing full-year adjusted earnings to \$8.95 to \$9.15 and adjusted free cash flow conversion to 100% to 110%**

# Q3 2023 operating margin and EPS

	Adjusted operating margin	Adjusted earnings per share	Commentary
<b>Q3 2022</b>	<b>21.6%</b>	<b>\$2.60</b>	
Total organic growth/productivity/other	+2.6%	+\$0.22	
Disposable respirator/Russia Exit	-0.4%	-\$0.09	<ul style="list-style-type: none"> <li>Decline in COVID-related disposable respirator demand and 2022 exit of operations in Russia</li> </ul>
Remaining organic growth/productivity/other	+3.0%	+\$0.31	<ul style="list-style-type: none"> <li>Benefits from productivity actions, restructuring, strong spending discipline, and selling price</li> <li>Partially offset by lower sales volumes (particularly electronics, consumer retail, and China) and investments in growth, productivity, and sustainability</li> </ul>
Restructuring & related charges	-0.8%	-\$0.10	<ul style="list-style-type: none"> <li>Q3 2023 pre-tax charge of \$68M</li> </ul>
Raw material	-0.3%	-\$0.03	<ul style="list-style-type: none"> <li>Carryover impact of raw material, logistics, and energy cost inflation</li> </ul>
FX	0.0%	+\$0.01	<ul style="list-style-type: none"> <li>U.S. dollar strength</li> </ul>
Acquisition/Divestiture*	+0.1%	\$0.00	<ul style="list-style-type: none"> <li>Food Safety divestiture; Aearo Technologies reconsolidation</li> </ul>
Other expense/income	NA	-\$0.02	<ul style="list-style-type: none"> <li>Primarily non-op pension</li> </ul>
Adjusted tax rate**	NA	-\$0.07	<ul style="list-style-type: none"> <li>Q3 2023 adjusted tax rate of 18.1% versus 15.9% in Q3 2022</li> </ul>
Shares outstanding	NA	+\$0.07	<ul style="list-style-type: none"> <li>Average diluted shares down 2.6% YoY</li> </ul>
<b>Q3 2023</b>	<b>23.2%</b>	<b>\$2.68</b>	

\* Includes lost income from divested businesses and remaining stranded costs (net of transition arrangement income).

\*\* The effect of income taxes on items that had specific tax rates are reflected within their respective impacts in the table above.

# Q3 2023 cash flow and balance sheet

Adjusted free cash flow

**\$1.9B**

Adjusted free cash flow  
conversion

**130%**

Cash returned to  
shareholders

**\$0.8B**

Adjusted free cash flow

- Q3: \$1.9B, up 39% YoY
- YTD: \$4.3B, up 37% YoY

Adjusted free cash flow  
conversion

- Q3: 130%, up 360 bps YoY
- Q3 YoY increase driven by strong inventory management
- YTD: 115%, up 430 bps YoY

Adjusted capital  
expenditures

- Q3: \$367M, down 6% YoY
- YTD: \$1.1B, up 2% YoY

Net debt

- Q3: \$10.8B, down 11% YoY

Capital returned to  
shareholders

- Q3: dividends \$0.8B
- YTD: dividends \$2.5B

# Business Group performance



**Safety &  
Industrial**



**Transportation &  
Electronics**



**Health Care**



**Consumer**



# Safety & Industrial

## Q3 2023 commentary

- Organic growth performance:
  - Low-double digit decline in closure and masking; high-single digit declines in industrial adhesives and tapes and personal safety; mid-single digit decline in abrasives; low-single digit declines in electrical markets and automotive aftermarket
  - High-single digit increase in roofing granules
  - Disposable respirator/Russia YoY headwind of ~\$130M, or -58% organically; reduced segment organic growth by 4.3 ppts
- Industrial end-market demand mixed; distributors right-sizing inventory levels
- Adjusted operating margin up 250 bps YoY; up 350 bps sequentially
  - YoY increase driven by:
    - Benefits from productivity actions, restructuring, strong spending discipline, and price
    - Partially offset by lower sales volume and higher restructuring costs



**Organic growth**

**-5.8%**

Includes ~-(4.3) ppt headwind from disposable respirator decline and 2022 exit of Russia

**Adjusted operating margin**

**25.7%**

# Transportation & Electronics

## Q3 2023 commentary

- Adjusted organic growth performance
  - Low-double digit increase in automotive and aerospace; low-single digit increase in advanced materials
  - Mid-single digit decline in electronics, commercial solutions, and transportation safety
- Consumer electronics end-markets stabilizing; closely watching seasonal demand trends
- Adjusted operating margin up 460 bps YoY; up 650 bps sequentially
  - YoY increase driven by:
    - Benefits from productivity actions, restructuring, strong spending discipline, and price
    - Partially offset by lower sales volume and higher restructuring costs

Adjusted organic growth

**-1.8%**

Adjusted operating margin

**26.3%**

# Health Care

## Q3 2023 commentary

- Organic growth performance
  - High-single digit increase in oral care; low-single digit increases in medical solutions, and separation and purification
  - Low-single digit decline in health information systems
- Normalization of post-COVID related biopharma demand, and tighter hospital budgets negatively impacting separation and purification, and health information systems performance
- Operating margin up 50 bps YoY; up 240 bps sequentially
  - YoY increase driven by:
    - Benefits from productivity actions, restructuring, strong spending discipline, and price
    - Partially offset by higher restructuring costs



Organic growth

2.4%

Operating margin

22.2%

# Consumer

## Q3 2023 commentary

- Organic growth performance
  - High-single digit declines in home improvement; home health and auto care
  - Mid-single digit decline in stationery and office
  - Back-to-school season demand trends muted; rising interest rates impacting housing market and DIY spending
- Operating margin down 70 bps YoY; up 230 bps sequentially
  - YoY decline driven by:
    - Lower sales volume and higher restructuring costs
    - Headwinds partially offset by benefits from productivity actions, restructuring, strong spending discipline, and price



# 2023 Outlook



# Raising full-year 2023 EPS and free cash flow guidance

## Full-year

**Increasing adjusted earnings per share  
\$8.95 to \$9.15 vs. \$8.60 to \$9.10, prior**

Pre-tax restructuring charges and benefits  
remain unchanged

**Adjusted organic sales growth  
~-3% vs. lower end of -3% to flat, prior**

Includes ~(2) ppt headwind from disposable  
respirator decline and 2022 exit of Russia

**Raising adjusted free cash flow conversion  
100% to 110% vs. 90% to 100%, prior**

## Implied Q4

- **Adjusted sales of \$7.6B to \$7.7B**

- Electronics stabilizing, consumer remains weak, industrial end-market demand mixed
- Normal seasonal trends (including fewer business days sequentially due to holidays)

- **Adjusted earnings of \$2.13 to \$2.33 per share, includes:**

- Pre-tax restructuring charges of ~\$70M to \$120M (~\$0.10 to \$0.17 per share) vs. ~\$10M to \$60M prior (driven by Q3 timing impacts)
- Pre-tax restructuring benefits of ~\$145M to \$195M (~\$0.21 to \$0.29 per share) vs. ~\$185M to \$235M prior



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## Q&A

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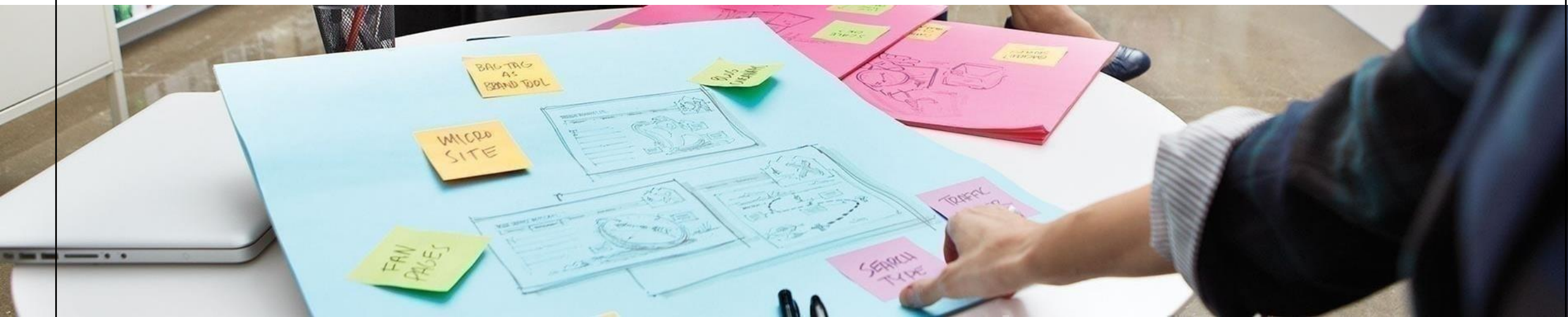
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# Appendix



# Q3 2023 P&L

GAAP (\$M)	Q3 2023	Q3 2022	Change
Sales	\$8,312	\$8,619	(3.6)%
Gross profit	\$3,732	\$3,891	(4.1)%
% to sales	44.9%	45.1%	(0.2)%
SG&A	\$5,992	\$1,998	N/M
% to sales	72.0%	23.1%	48.9%
R&D & related	\$430	\$461	(6.8)%
% to sales	5.2%	5.4%	(0.2)%
Gain on sale of businesses	\$(36)	(2,724)	(98.7)%
% to sales	(0.4)%	(31.6)%	31.2%
Operating income (loss)	\$(2,654)	\$4,156	(163.9)%
% to sales	(31.9)%	48.2%	(80.1)%
Net income (loss)	\$(2,075)	\$3,859	(153.8)%
Earnings (loss) per share	\$(3.74)	\$6.77	(155.3)%

**Note:** the term "N/M" used within the appendix references "not meaningful" for certain percent changes.

# Q3 2023 adjusted sales recap

	Americas	EMEA	APAC	Worldwide
Organic growth	0.4%	(0.9)%	(11.5)%	(3.1)%
Acquisitions/divestitures	(0.1)%	(1.2)%	(1.0)%	(0.5)%
FX	0.4%	6.5%	(2.3)%	0.6%
Total growth	0.7%	4.4%	(14.8)%	(3.0)%

# Business segment information

(\$M)	Adjusted net sales*		Q3 2023 adjusted sales growth*				Adjusted operating income*			Adjusted operating margin*	
	Q3 2023	Q3 2022	Organic growth	FX	M&A	Total sales change	Q3 2023	Q3 2022	Percent change	Q3 2023	Q3 2022
Safety & Industrial	\$2,751	\$2,894	(5.8)%	0.9%	—%	(4.9)%	\$708	\$673	5.4%	25.7%	23.2%
Transportation & Electronics	\$1,879	\$1,889	(1.8)%	0.1%	1.2%	(0.5)%	\$494	\$410	20.9%	26.3%	21.7%
Health Care	\$2,073	\$2,076	2.4%	0.8%	(3.4)%	(0.2)%	\$460	\$450	2.2%	22.2%	21.7%
Consumer	\$1,315	\$1,409	(7.2)%	0.5%	—%	(6.7)%	\$269	\$299	(10.1)%	20.5%	21.2%
Total Operating Business Segment							\$1,931	\$1,832			
Corporate & Unallocated	\$2	\$1					\$(72)	\$(42)			
<b>Total</b>	<b>\$8,020</b>	<b>\$8,269</b>	<b>(3.1)%</b>	<b>0.6%</b>	<b>(0.5)%</b>	<b>(3.0)%</b>	<b>\$1,859</b>	<b>\$1,790</b>	<b>3.9%</b>	<b>23.2%</b>	<b>21.6%</b>

\*"Safety & Industrial", "Transportation & Electronics", "Corporate & Unallocated", "Total Operating Business Segment" and "Total" provided on an adjusted basis while "Health Care" and "Consumer" are not provided on an adjusted basis

# Additional GAAP sales detail

(\$M) Business Groups	GAAP Net Sales	
	Q3 2023	Q3 2022
Abrasives	330	339
Automotive Aftermarket	316	316
Closure and Masking Systems	240	266
Electrical Markets	327	331
Industrial Adhesives and Tapes	544	598
Personal Safety	862	922
Roofing Granules	132	122
<b>Total Safety &amp; Industrial Business Group</b>	<b>2,751</b>	<b>2,894</b>
Advanced Materials	274	297
Automotive and Aerospace	507	437
Commercial Solutions	430	459
Electronics	738	813
Transportation Safety	222	233
<b>Total Transportation &amp; Electronics Business Group</b>	<b>2,171</b>	<b>2,239</b>

(\$M) Business Groups	GAAP Net Sales	
	Q3 2023	Q3 2022
Food Safety	—	63
Health Information Systems	305	312
Medical Solutions	1,179	1,150
Oral Care	331	308
Separation and Purification Sciences	242	235
Other Health Care	16	8
<b>Total Health Care Business Group</b>	<b>2,073</b>	<b>2,076</b>
Construction and Home Improvement Markets	603	656
Home, Health and Auto Care	391	418
Stationery and Office	321	335
<b>Total Consumer Business Group</b>	<b>1,315</b>	<b>1,409</b>
Corporate and Unallocated	2	1
<b>Total 3M</b>	<b>8,312</b>	<b>8,619</b>

# 2023 to 2025 structural reorganization actions\*

(\$M)	Q1 2023 Actual	Q2 2023 Actual	Q3 2023 Actual	Q4 2023 Estimated	FY 2023 Estimated	Total Program Estimated
Restructuring & related charges	\$52	\$212	\$68	\$70 to \$120	\$400 to \$450	\$700 to \$900
Benefits	-	\$89	\$166	\$145 to \$195	\$400 to \$450	\$700 to \$900

\*Note: These are separate from 3M's 2023 to 2025 PFAS exit actions.



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