

# Delivering Performance, Driven by Purpose

- **Creating value through spin off of Health Care business**
- **Taking action to efficiently and equitably resolve Combat Arms Earplugs Version 2 litigation related to Aearo Technologies LLC**
- **Delivering in a challenging environment and updating full-year outlook**

## **Mike Roman**

Chairman of the Board &  
Chief Executive Officer

## **Monish Patolawala**

Executive Vice President,  
Chief Financial &  
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Executive Vice President,  
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# Forward looking statement

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 "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, 2021, as updated by the Company's Current Report on Form 8-K dated April 26, 2022, 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; (14) tax-related external conditions, including changes in tax rates, laws or regulations; (15) matters relating to the proposed spin-off of the Company's Health Care business, including whether the transaction will be completed, or if completed, will be on the expected terms; the risk that the expected benefits will not be realized; the risk that the costs or dis-synergies will exceed the anticipated amounts; the ability to satisfy the various closing conditions; potential business disruption; the diversion of management time; the impact of the transaction (or its pendency) on the Company's ability to retain talent; potential impacts on the Company's relationships with its customers, suppliers, employees, regulators and other counterparties; the ability to realize the desired tax treatment (including whether an Internal Revenue Service private letter ruling will be sought or obtained); the risk that any consents or approvals required will not be obtained; risks associated with financings that may be undertaken and indebtedness that may be incurred in connection with the transaction; and (16) matters relating to the voluntary chapter 11 proceedings of the Company's subsidiary Aearo Technologies and certain of its affiliates (the "Aearo Entities"), including legal risks related to the chapter 11 proceedings; potential impacts to the Company's reputation and its relationships with customers, suppliers, employees, regulators and other counterparties and community members; potential impacts to the Company's liquidity or results of operations, including risks related to the amount that will be necessary to fully and finally resolve all of the Company's obligations to make payments to resolve such claims under the terms of its funding and indemnification agreement with the Aearo Entities; and the Aearo Entities' ability to navigate the chapter 11 proceedings to obtain approval and consummation of a plan of reorganization. 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 July 26, 2022, press release for descriptions of non-GAAP financial measures such as free cash flow, adjusted free cash flow, free cash flow conversion, adjusted free cash flow conversion, net debt, adjusted EBITDA, and various measures that adjust for the impacts of special items. Refer also to the appendix of this slide deck for descriptions of non-GAAP measures associated with "New 3M" and certain items specific to the Health Care business segment. 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 those locations.

# 3M is taking significant actions to benefit stakeholders

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## Creating value through spin off of Health Care

- “New 3M” <sup>(1)</sup> will remain a leading global material science innovator serving customers in a wide range of end markets
  - Health Care will be a leading global diversified health technology company
  - Each company will be well-capitalized, more agile and focused, and better positioned for long-term success
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## Taking action to resolve Combat Arms Earplugs litigation

- Aearo Technologies and related entities – subsidiaries of 3M – have initiated chapter 11 proceedings to resolve current and future Combat Arms Earplugs Version 2 litigation
  - Intended to facilitate an efficient and equitable resolution of litigation
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## Delivering in a challenging environment

- Sales of \$8.7 billion with organic sales growth of one percent year-on-year which included a four percentage point headwind from the combined impact of China COVID-related lockdowns and decline in disposable respirator demand
  - Adjusted earnings per share of \$2.48 in midst of continued uncertain macroeconomic and inflationary environment
  - Updating full-year outlook to reflect U.S. dollar strength and macroeconomic environment: organic growth 1.5-3.5% and adjusted EPS \$10.30-\$10.80
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(1) “New 3M” defined as 3M pro forma for the spin-off of Health Care.



# Capitalizing on global megatrends



## Accelerating opportunities in growing markets

- Expanding demand for innovation in electronics
- Increasing focus on safety
- Advancing automotive technology/mobility solutions
- Expanding opportunities in digitization
- Growing interest in home improvement
- Greater customer emphasis on sustainability



## Increasing need for solutions that enhance care delivery and improve patient outcomes

- Aging global population with expanding access to care
- Growing demand for virtual and in-home care
- Focus on reducing rehospitalizations through infection prevention
- Healthcare IT system advances and workflow efficiency demands
- Better patient care at lower cost
- Data, analytics, and technologies for delivery of precision medicine

# Driving long-term value for shareholders

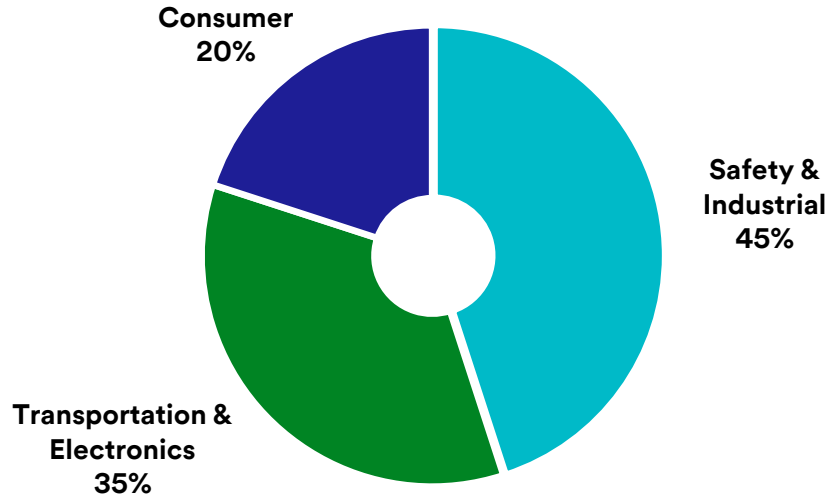
- Creates value by launching **two industry-leading, well-capitalized**, public companies focused on growth, innovation and shareholder returns
  - New 3M remains a leading **global materials science innovator** positioned to win in attractive end markets
  - Health Care will be a leading **global diversified health technology company**
- Enables **tailored capital allocation and investments** to drive innovation and growth
- Enhances **strategic flexibility**
- Offers **distinct** and **compelling** investment profiles appealing to different investor bases
- **Reduces uncertainty** by taking action to efficiently and equitably resolve Combat Arms Earplugs litigation

**Creating value through spin off of  
Health Care business**

# Unlocking and unleashing innovation and value creation

## New 3M

Applying science to improve lives



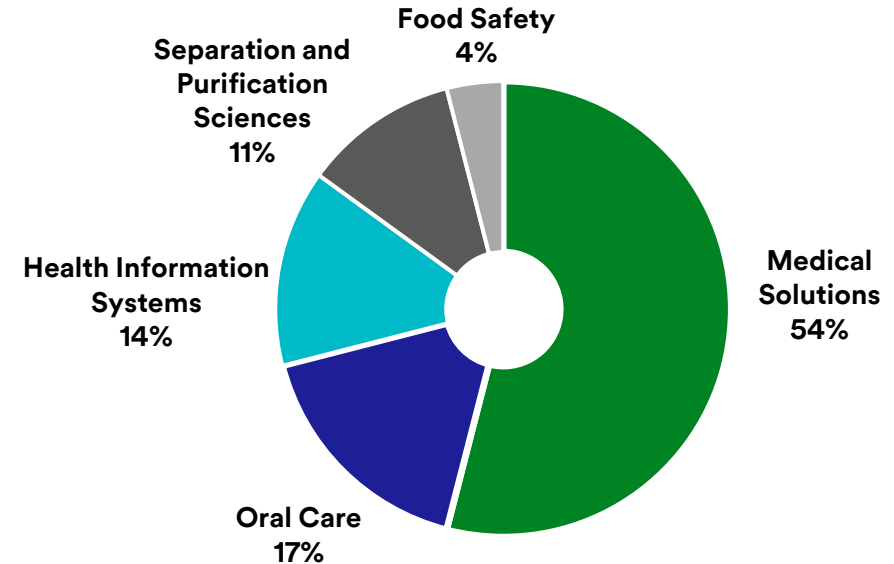
**~\$26.8B Sales (2021)**

Adj. OI (2021)  
**\$5.8B**

Adj. OI % (2021)  
**21.7%**

## Health Care

Enabling better, smarter, safer healthcare



**~\$8.6B Sales (2021)**

Includes Food Safety (~\$0.4B), expected to be divested by Sept. 1, 2022, that will no longer be part of Health Care

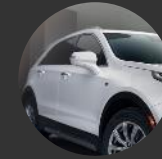
OI (2021)  
**\$2.0B**

OI % (2021)  
**23.7%**

# Accelerating megatrends favor 3M science and innovation

- Proven operating model powered by leading science and technology, manufacturing, global capabilities, and iconic brands
- Unique and differentiated technologies shared across the organization to better deliver world class customer-driven innovation
- Continued focus on active portfolio management
- Strong balance sheet and free cash flow to continue to invest in growth markets and return capital to shareholders

## Select Growth Opportunities



Auto/Mobility



Electronics



Sustainability



Digitization



Robotics and Automation



E-commerce



Wellbeing



Safety



Home improvement



# 3M core strengths drive innovative customer solutions

## Innovation



- Customer-focused innovation guides investments and R&D
- Data-driven insights create opportunities and value
- E-commerce and digital marketplace accelerate customer connectivity

## Talent



- Attract and engage talent with diverse backgrounds, skills, and experience
- Empower our people through technology and flexibility
- Continue building on a strong culture of customer-inspired innovation

## Operations



- Power end-to-end operations through increased digitization
- Capitalize on IP-driven manufacturing expertise
- Enhance customer service
- Streamline operating model

# Enabling better, smarter, safer healthcare



Patient outcomes improving through greater focus on infection prevention, and reducing rehospitalization



Hospitals leveraging more healthcare information technology to improve clinical and operational workflows to drive efficiencies

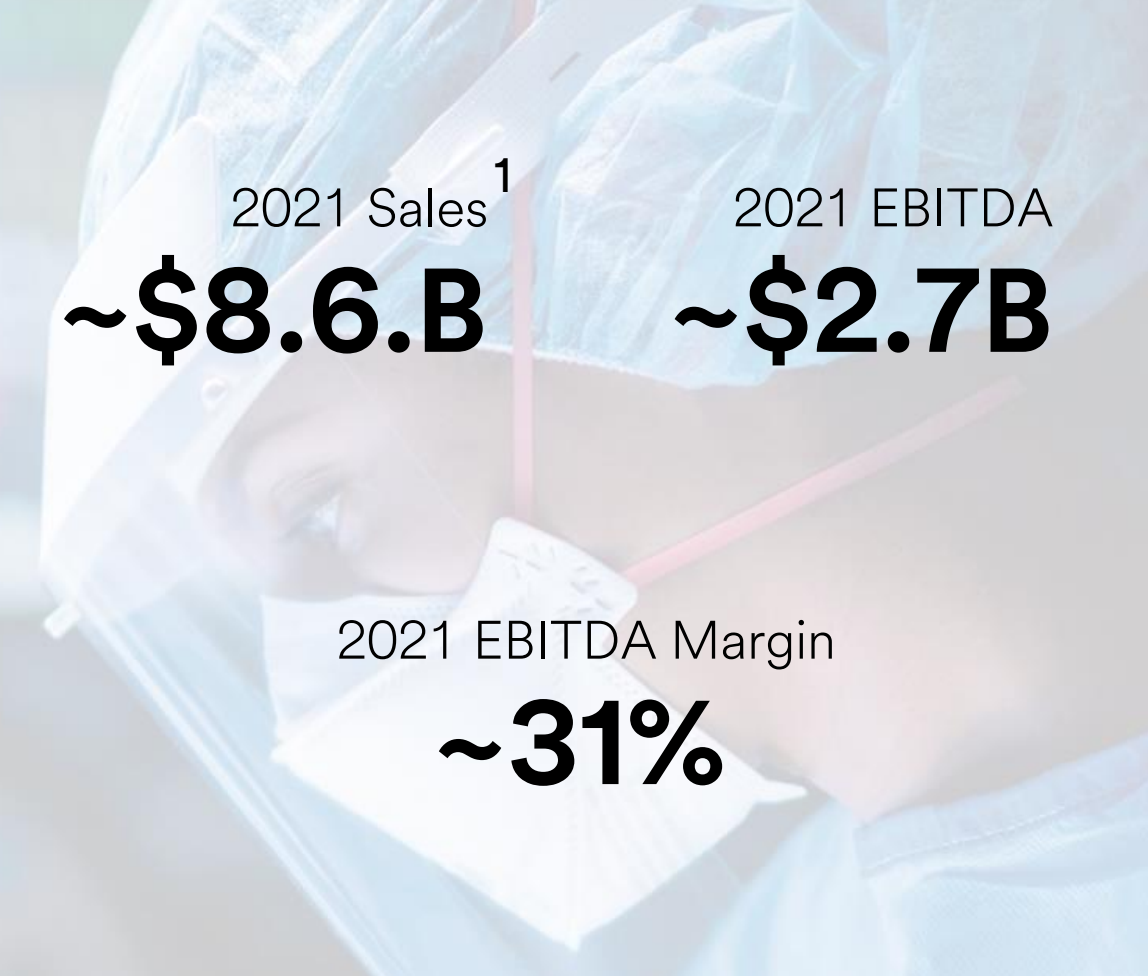


Medicines becoming more complex – requiring specialized, tailored solutions



Improving patient experiences in oral care through the combination of material science and digital science

# Creating a diversified healthcare technology leader



2021 Sales<sup>1</sup>  
**~\$8.6.B**

2021 EBITDA  
**~\$2.7B**

2021 EBITDA Margin  
**~31%**

## Health Care Core Strengths:

- Proven leadership in multiple care pathways
- Positioning in attractive end-markets
- Innovation mindset driving improved patient outcomes
- Collaborative customer relationships
- Deep global regulatory expertise
- Operational excellence and strong cash flow
- Strong sales growth and profitability with significant recurring sales

<sup>1</sup> – Includes Food Safety (~\$0.4B), expected to be divested by Sept. 1, 2022, that will no longer be part of Health Care



# Well-positioned in growing healthcare markets

## Medical Solutions



Focused on wound healing and reducing preventable complications

## Oral Care



Long history of commercializing award-winning innovations to improve oral health and aesthetics

## Health Information Systems



Clinical insights to support decision-making, reduce administrative burden, and integrate workflows

## Separation and Purification Sciences



Leading supplier of membranes used in development and manufacturing of medical devices, vaccines, and therapeutics

## Selected Key Opportunities

### Wound care

\$20B+ segment '24E

6-8% growth

### Dental

\$10B+ segment '24E

3-5% growth

### Healthcare IT

\$40B+ segment '24E

7-14% growth

### Biopharma Filtration

\$10B+ segment '24E

10-15% growth

# Health Care transaction summary

## Transaction Summary

- Intended to be a tax-free spin off of Health Care into a standalone publicly-traded company
- New 3M expected to retain a 19.9% stake in Health Care to be monetized over time

## Capitalization

- Health Care expected to be spun off with net leverage of 3.0x–3.5x adjusted EBITDA and positioned for rapid deleveraging

## Additional Details

- Subject to final approval by 3M's Board of Directors, effectiveness of Form 10, receipt of IRS ruling, completion of financing, and other customary closing conditions
- Expected close by year-end 2023
- Anticipate no change in 3M's capital allocation priorities through separation



**Taking action to efficiently and  
equitably resolve claims**

# Taking action to efficiently and equitably resolve claims

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## Background


- 3M acquired Aearo Technologies in 2008 and since then it has operated as a wholly-owned subsidiary
- Claims largely relate to previous generation Combat Arms Earplugs manufactured by Aearo Technologies
- Approximately 115,000 filed claims, and an additional 120,000 claims on administrative docket, as of June 30, 2022

## Actions Taken

- Aearo Technologies entities have elected to use well-established chapter 11 procedures to resolve all claims determined to be entitled to compensation
- 3M has committed \$1B to fund a trust, based on the analysis of an experienced estimator of claims in chapter 11
- 3M has also committed an additional \$240M to fund projected case related expenses
- 3M will provide additional funding if required under the terms of the agreement

## Benefits to Stakeholders

- Focuses on achieving an efficient and equitable resolution
- Reduces uncertainty and increases clarity for all stakeholders
- Reduces cost and time of litigating thousands of cases



# Key Takeaways

Creating value through  
spin off of Health Care  
business

Taking action to efficiently  
and equitably resolve  
Combat Arms Earplugs  
litigation

Delivering in a challenging  
environment, updating  
full-year outlook



# Creating value and delivering for customers

- Delivered solid Q2 results while focusing on customers and managing supply chain, inflation, geopolitical and COVID dynamics
  - Overall demand remains strong across most end-markets
  - Navigating inflationary pressures through disciplined price actions
  - Significant Q2 challenges in Greater China region due to COVID lockdowns; stronger than expected improvement in June; expect full recovery through the remainder of the year
  - Strong U.S. dollar resulted in FX sales translation headwind of ~4% year-on-year
  - Managing impact of Russia/Ukraine conflict
- Announced additional investments to resolve matters in Zwijndrecht, restarted manufacturing operations ... ramp up progressing as per plan
- Updating full-year outlook to reflect U.S. dollar strength and current macroeconomic environment
- Confident in our long-term ability to grow above the macro, drive consistent improvement in margins and strong cash flow

Q2 2022

Organic growth

**+1.0%**

Includes (~4 ppt) headwind from combined impact of China lockdowns and disposable respirator decline

Adjusted operating margin

**21.0%**

Adjusted earnings per share

**\$2.48**

# Q2 2022 operating margin and EPS

	Adjusted operating margin	Adjusted earnings per share	Commentary
<b>Q2 2021</b>	<b>23.4%</b>	<b>\$2.75</b>	
Total organic growth/productivity/other	+0.8%	+\$0.12	
Disposable respirator	-0.4%	-\$0.09	• YoY disposable respirator decline in demand
China lockdowns	-0.7%	-\$0.11	• Greater China region impact due to COVID lockdowns
Brazil social tax	-1.0%	-\$0.12	• Non-repeat of favorable Q2 2021 Brazil Supreme Court social tax ruling
Remaining organic growth/productivity/other	+2.9%	+\$0.44	• Strong pricing, spending discipline and benefits from restructuring actions • Manufacturing headwinds from global supply chain challenges, including geopolitical impacts • Investments in growth, productivity and sustainability
Raw material	-3.1%	-\$0.36	• Raw material and logistics cost inflation
FX	-0.1%	-\$0.13	• Net of hedge impact
Other expense/income	NA	-\$0.02	• Primarily non-operating pension expense offset by lower net interest expense
Adjusted tax rate*	NA	+\$0.05	• Q2 2022 adjusted tax rate of 19.8% versus 21.6% in Q2 2021
Shares outstanding	NA	+\$0.07	• Average diluted shares down ~3%
<b>Q2 2022</b>	<b>21.0%</b>	<b>\$2.48</b>	

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



# Q2 2022 cash flow and balance sheet

## Adjusted free cash flow

**\$1.0B**

-41% year-on-year

## Adjusted free cash flow conversion

**68%**

-33 pts year-on-year

## Cash returned to shareholders

**\$0.8B**

-38% year-on-year

### Adjusted free cash flow

- Q2: \$1.0B, down 41% YoY; YTD: \$1.7B, down 45% YoY

### Adjusted free cash flow conversion

- Expect full-year adjusted free cash flow conversion in the range of 90% to 100%
- Q2: 68%, down 33 pts YoY; YTD: 57%, down 35 pts YoY
- Q2 YoY decline due to working capital; cash impact from capitalization of R&D for U.S. tax purposes, as expected

### Capital expenditures

- Q2: \$384M, flat YoY; YTD: \$808M, up 15% YoY
- Continue to expect full-year capex in the range of \$1.7B to \$2.0B

### Net debt

- Q2: \$13.3B, up 4% YoY

### Cash returned to shareholders

- Q2: dividends \$848M
- Q2: share repurchases suspended due to pending Food Safety separation
- YTD: dividends \$1.7B; share repurchases \$0.8B





# Business Group performance




Safety & Industrial



Transportation & Electronics



Health Care



Consumer



# Business Group performance

Q2 2022	Organic growth Adjusted operating margin	Commentary
Safety & Industrial	0.7% 21.5%	<ul style="list-style-type: none"> <li>Organic growth led by abrasives, electrical markets, closure and masking systems, roofing granules, automotive aftermarket, and industrial adhesives and tapes; personal safety declined</li> <li>Disposable respirator sales declined approximately \$150M, or 36% organically YoY; reduced segment organic growth by 5.7 pts</li> <li>Adjusted operating margins -2.1 pts YoY; impacted by China lockdowns and manufacturing productivity headwinds; partially offset by strong spending discipline and restructuring benefits</li> </ul>
Transportation & Electronics	0.5% 21.0%	<ul style="list-style-type: none"> <li>Organic growth led by advanced materials and commercial solutions; automotive OEM up low-single digits, while transportation safety and electronics declined</li> <li>Semiconductor supply chain challenges continued to impact global auto builds and electronics end-markets</li> <li>Operating margins -0.8 pts YoY; impacted by manufacturing productivity headwinds due to China lockdowns and shutdown of certain operations in Belgium facility; partially offset by strong spending discipline and restructuring benefits</li> </ul>
Health Care	4.4% 22.7%	<ul style="list-style-type: none"> <li>Organic growth led by separation and purification sciences, health information systems, medical solutions, and oral care; food safety was flat</li> <li>Operating margins -2.6 pts YoY; impacted by manufacturing productivity headwinds and investments; partially offset by sales growth, strong spending discipline, and restructuring benefits</li> <li>U.S. elective medical procedure and oral care volumes were approximately 90 to 95 percent of pre-COVID levels, up sequentially from Q1 levels</li> </ul>
Consumer	-2.5% 18.5%	<ul style="list-style-type: none"> <li>Organic sales grew in both stationery and office and home care; home improvement and consumer health and safety both declined due to strong prior year comparisons</li> <li>Operating margins -2.2 pts YoY; impacted by manufacturing productivity headwinds, partially offset by strong spending discipline and restructuring benefits</li> </ul>



## 2022 outlook

# Updating estimates to reflect FX and macroeconomic environment

**Organic sales growth**  
**1.5% to 3.5%**

**Adjusted earnings per share**  
**\$10.30 to \$10.80**

**Adjusted free cash flow conversion**  
**90% to 100%**

## Updating full-year expectations:

### **1** FX impact on total sales growth:

- -4% vs. -1% previously
- U.S. dollar at a 20-year high

### **2** Organic sales growth:

- 1.5% to 3.5% vs. 2% to 5% previously
- Ongoing macroeconomic uncertainty

## **Macro:**

- IPI & GDP: ~3%; most end-markets remain strong
- Monitoring Greater China region COVID-related lockdowns
- Geopolitical uncertainty due to Russia/Ukraine conflict

## **End-markets/supply chain/inflationary impacts:**

- Auto OEM builds up ~5% YoY; semiconductor and supply chain challenges along with geopolitical impacts constraining pace of build rate
- U.S. healthcare elective procedure volumes ~95% to 100%; U.S. oral care volumes at ~90% by year-end, impacted by COVID-related staff shortages and patient cancellations
- Weakening consumer electronics demand, particularly smartphones, tablets and TVs
- Monitoring consumer sentiment and spending trends
- Expecting supply chain challenges to persist for foreseeable future
- Navigating inflationary pressures through disciplined price actions; expect raw material & logistics full-year headwind of \$750M to \$850M YoY

Note: Above guidance does not include the impact of pending separation of Food Safety business via Reverse Morris Trust (RMT) transaction with Neogen





## Q&A

### **Mike Roman**

Chairman of the Board &  
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### **Monish Patolawala**

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Chief Financial &  
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# Appendix

# Q2 2022 P&L

(\$M)	Q2 2022	Q2 2021	Change
Sales	\$8,702	\$8,950	-2.8%
Gross profit	\$3,609	\$4,231	-14.7%
% to sales	41.5%	47.3%	-5.8 pts
SG&A	\$3,023	\$1,746	+73.2%
% to sales	34.7%	19.6%	+15.1 pts
R&D & related	\$476	\$514	-7.4%
% to sales	5.5%	5.7%	-0.2 pts
Operating income	\$110	\$1,971	-94.4%
% to sales	1.3%	22.0%	-20.7 pts
Net income	\$78	\$1,524	-94.9%
GAAP earnings per share	\$0.14	\$2.59	-94.7%

# Q2 2022 sales recap

	Americas	EMEA	APAC	Worldwide
Organic growth	+3.9%	-2.0%	-1.8%	+1.0%
Acquisitions/divestitures	—%	—%	—%	—%
FX	-0.2%	-10.2%	-6.0%	-3.8%
Total growth	+3.7%	-12.2%	-7.8%	-2.8%

	U.S.	Canada	Mexico	Brazil	China/HK	Japan
Organic growth	+2%	+17%	+13%	+9%	-8%	+1%

# Business segment information

(\$M)	Net Sales		Q2 2022 Sales Growth				Adjusted Operating Income*			Adjusted Operating Margin*	
Business groups	Q2 2022	Q2 2021	Organic growth	FX	M&A	Total Sales Change	Q2 2022	Q2 2021	Percent change	Q2 2022	Q2 2021
Safety & Industrial	\$2,924	\$3,029	0.7%	-4.1%	—%	-3.4%	\$630	\$714	-11.8%	21.5%	23.6%
Transportation & Electronics	\$2,268	\$2,355	0.5%	-4.2%	—%	-3.7%	\$476	\$513	-7.5%	21.0%	21.8%
Health Care	\$2,179	\$2,165	4.4%	-3.8%	—%	0.6%	\$494	\$548	-9.9%	22.7%	25.3%
Consumer	\$1,330	\$1,400	-2.5%	-2.5%	—%	-5.0%	\$247	\$290	-14.9%	18.5%	20.7%
Total Operating Business Segment							\$1,847	\$2,065			
Corporate & Unallocated	\$1	\$1					\$(21)	\$33			
Total	\$8,702	\$8,950	1.0%	-3.8%	—%	-2.8%	\$1,826	\$2,098	-13.0%	21.0%	23.4%

\*"Safety & Industrial", "Corporate & Unallocated", "Total Operating Business Segment" and "Total" provided on an adjusted basis

Organic growth = organic volume + price



# Additional sales detail

(\$M)	Net Sales	
Business groups	Q2 2022	Q2 2021
Abrasives	346	326
Automotive Aftermarket	289	294
Closure and Masking Systems	270	254
Electrical Materials	336	313
Industrial Adhesives & Tapes	586	599
Personal Safety	972	1,125
Roofing Granules	125	121
Other Safety & Industrial	—	(3)
<b>Total Safety &amp; Industrial Business Group</b>	<b>2,924</b>	<b>3,029</b>
Advanced Materials	307	302
Automotive & Aerospace	428	443
Commercial Solutions	448	441
Electronics	863	913
Transportation Safety	222	257
Other Transportation & Electronics	—	(1)
<b>Total Transportation &amp; Electronics Business Group</b>	<b>2,268</b>	<b>2,355</b>

(\$M)	Net Sales	
Business groups	Q2 2022	Q2 2021
Food Safety	89	94
Health Information Systems	309	299
Medical Solutions	1,169	1,166
Oral Care	357	363
Separation & Purification Sciences	255	247
Other Health Care	—	(4)
<b>Total Health Care Business Group</b>	<b>2,179</b>	<b>2,165</b>
Consumer Health & Safety	145	157
Home Care	261	268
Home Improvement	582	645
Stationery & Office	342	332
Other Consumer	—	(2)
<b>Total Consumer Business Group</b>	<b>1,330</b>	<b>1,400</b>
Corporate & Unallocated	1	1
<b>Total 3M</b>	<b>8,702</b>	<b>8,950</b>

# Certain non-GAAP measures

Refer also to 3M's July 26, 2022 press release for descriptions of other non-GAAP financial measures and reconciliations to their most directly comparable GAAP financial measures.

Year ended December 31, 2021 (dollars in millions)	[A]		[B]		New 3M (non-GAAP measures) <sup>a</sup>	
	3M Company		Health Care		Amount [A-B]	% of sales
<b>Net sales</b>						
Safety & Industrial	\$	11,981	\$	—	\$ 11,981	45%
Transportation & Electronics		9,262		—	9,262	35%
Consumer		5,513		—	5,513	20%
Health Care		8,597		8,597	—	
Corporate and Unallocated		2		—	2	
Total net sales	\$	35,355	\$	8,597	\$ 26,758	100%
<b>Business segment operating income (measure of segment operating performance)</b>	\$	7,369	\$	2,037	\$ 5,332	
Operating income margin				23.7 %		
Adjustments for special items: net costs for significant litigation	\$	463		N/A	\$ 463	
Adjusted operating income (non-GAAP measure)					\$ 5,795	
Adjusted operating income margin (non-GAAP measure)						21.7%
Depreciation and amortization expense			\$	636		
Business segment EBITDA (non-GAAP measure) <sup>b</sup>			\$	2,673		
Business segment EBITDA margin (non-GAAP measure) <sup>b</sup>				31.1 %		

(a) Certain amounts – New 3M (net sales, adjusted operating income, adjusted operating income margin, and percentages of business segment net sales) are non-GAAP measures, are not defined under U.S. GAAP and, therefore, 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. 3M defines these items as the respective consolidated 3M Company amounts minus those of (or calculated without) its Health Care business segment. 3M has announced it will spin off the Health Care business. Amounts described as “adjusted” are adjusted for the impacts of special items. Special items for the periods presented include the items described in the section entitled “Description of Special Items”. The Company believes that Certain amounts – New 3M information is meaningful to investors as they consider how the spin off of the Health Care business may impact 3M's operating results.

(b) Business segment EBITDA and EBITDA margin are not defined under U.S. GAAP. Therefore, they 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. For business segments, the Company defines EBITDA as business segment operating income (3M's measure of segment operating performance) adjusted for depreciation and amortization expense. The Company defines EBITDA margin as EBITDA divided by net sales. The Company considers these non-GAAP measures in evaluating and managing the Company's operations. The Company believes EBITDA and EBITDA margin are meaningful to investors as they provide useful analyses of ongoing underlying operating trends.



# Certain non-GAAP measures (continued)

## Description of Special Items - 2021

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 2021 include the items described below:

### *Net costs for significant litigation:*

- These relate to 3M's respirator mask/asbestos, PFAS-related other environmental, and Combat Arms Earplugs matters. Net costs include the impacts of changes in accrued liabilities, external legal fees, and insurance recoveries, along with the associated tax impacts. Net costs related to respirator mask/asbestos and Combat Arms Earplugs matters are reflected as special items in the Safety and Industrial business segment while those associated with PFAS-related other environmental matters are primarily reflected as corporate special items in Corporate and Unallocated.

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