

# 2021 First Quarter Earnings

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(Unaudited)

**April 27, 2021**

# Events

## 2021 Earnings Calls

**Q2** | July 27

**Q3** | October 26

# 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, 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 presentation is as of the date indicated. The Company assumes no obligation to update any forward-looking statements contained in this presentation 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 April 27, 2021 press release for descriptions of non-GAAP financial measures such as adjusted free cash flow, adjusted free cash flow conversion, net debt, adjusted EBITDA, 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.

# Q1 2021 ... a strong start to the year

- **Broad-based organic growth, improved margins and robust cash flow**
- **Global economic recovery remains uneven and fluid as COVID-19, vaccination deployments and government policies continue to evolve**
- **Strong demand, and supply chain disruptions from the pandemic and winter storm Uri driving significant increases in raw materials and logistics costs**
- **Continue to prioritize investments in growth, productivity and sustainability**
- **Accelerating sustainability efforts: introduced new air and water stewardship goals; and reductions in and responsible use of plastics**
- **Maintaining full-year guidance**

**Delivering for customers and shareholders while continuing to protect employees**

# Q1 2021 summary

**8.0%**

year-on-year

**Organic local-  
currency growth**

**22.5%**

+1.7 ppts year-on-  
year

**Adjusted  
operating margin**

**\$2.77**

+27% year-on-year

**Adjusted earnings  
per share**

**Sales of \$8.9B, up 9.6% year-on-year**

- **Broad-based growth across businesses and geographies**
- **Includes year-on-year increase in respirator-related sales of approximately \$190M, or +2.4 ppts**

**Prioritizing growth investments in markets with strong trends while managing end markets challenged by COVID-19**

**Accelerating digital strategy to better serve customers and improve operations**

**Organic sales growth and operational execution drove strong operating margin improvement and robust cash flow**

**Continue to lead in pandemic response; engaged with governments regarding future pandemic preparedness**

# Increasing our sustainability commitments

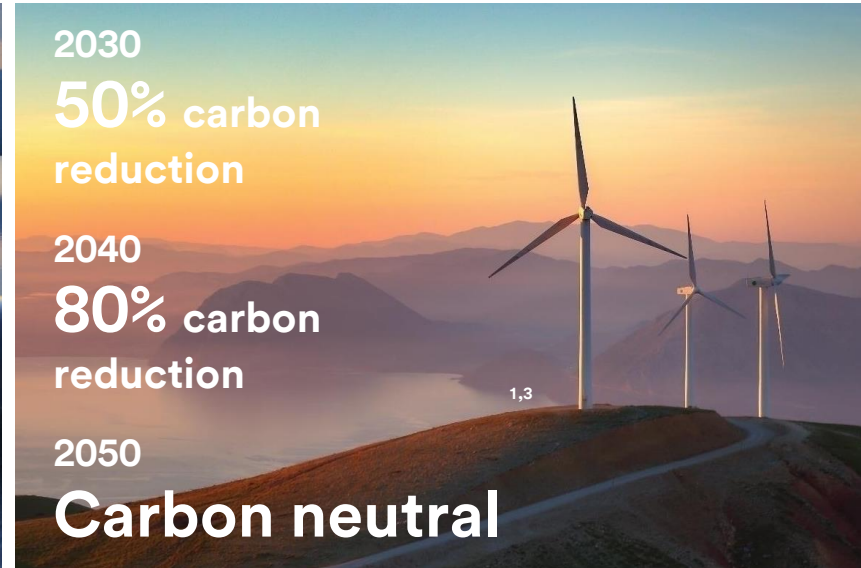
Planning to invest \$1 billion over the next 20 years



2022  
**10%** water reduction

2025  
**20%** water reduction

2030  
**25%** water reduction  
at our facilities<sup>1,2</sup>



2030  
**50%** carbon reduction

2040  
**80%** carbon reduction

2050  
**Carbon neutral**

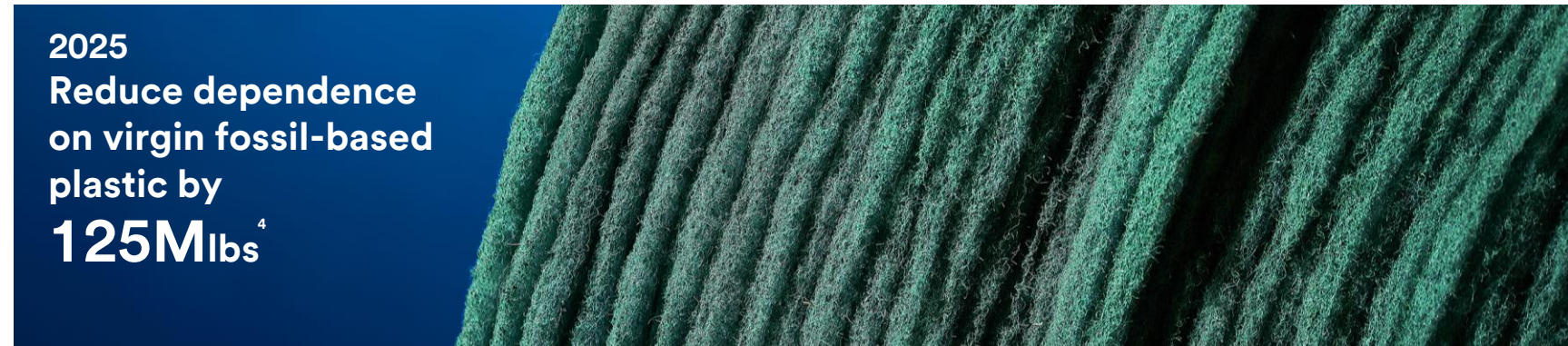


2023  
**Install** state-of-the-art purification technology at largest water-using locations

2024  
**Fully operational** to return higher quality water to the environment after use in operations



**Our goals mitigate climate change and improve lives around the world. We are committed to shaping a future with cleaner air, better water quality, and less waste.**



2025  
Reduce dependence on virgin fossil-based plastic by  
**125Mlbs**<sup>4</sup>

1. 2019 is the baseline measure year  
2. Expands previous commitment to reduce water use by 10% between 2015-2025  
3. Expands previous 2025 goal of staying below 50% of 2002 baseline. 3M's 2030 Scope 1 and 2 emissions will now be reduced more than 85% from 2002 levels.  
4. 2020 is the baseline measure year.  
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# Q1 2021 adjusted operating margin and EPS

	Adjusted Operating Income Margin	Adjusted Earnings Per Share	
<b>Q1 2020</b>	<b>20.8%</b>	<b>\$2.19</b>	
Organic volume/productivity and other	+1.5%	+\$0.34	Organic volume growth; solid productivity; benefits from restructuring actions; and from Q1 2020 COVID-19 impacted asset write-downs (+0.4%; +\$0.04)
Price/raw material	-0.2%	-\$0.01	Selling prices (+0.7%) more than offset by higher raw materials and logistics costs
Divestitures*	0.0%	-\$0.03	Drug delivery divestiture (May 2020)
FX	+0.4%	+\$0.13	Net of hedge impact; pre-tax earnings impact of +\$95M; expecting full-year 2021 FX benefit of ~\$0.15 per share, remains unchanged
Other expense/income	NA	+\$0.03	Non-operating pension benefit (\$0.05), partially offset by higher net interest expense (including early debt redemption) (-\$0.02)
Tax rate**	NA	+\$0.14	Adjusted Q1 2021 tax rate 16.4% versus 20.7% in prior year; expecting full-year 2021 tax rate range of 20% to 21%, remains unchanged
Shares outstanding	NA	-\$0.02	Average diluted shares up 1%
<b>Q1 2021</b>	<b>22.5%</b>	<b>\$2.77</b>	

\* Includes impact of lost income from divested businesses.

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

# Q1 2021 cash flow and balance sheet

**\$1.4B**

+49% year-on-year

**Adjusted free cash flow**

**86%**

+13 pts year-on-year

**Adjusted free cash flow conversion**

**\$1.1B**

-10% year-on-year

**Cash returned to shareholders**

**Proactive balance sheet management**

- Net debt of \$13B, reduction of \$5B year-on-year
- Q1 early debt redemption of \$450M

**Capital expenditures**

- Q1: \$310M, down \$22M year-on-year
- FY 2021: expected range of \$1.8B to \$2.0B

**Cash returned to shareholders**

- Dividends: \$858M; 63<sup>rd</sup> consecutive year of increases
- Gross share repurchases: \$231M



# Q1 Business Group performance

	Organic growth	Segment Operating Margin	Commentary
<b>Safety &amp; Industrial</b>	<b>+10.3%</b>	<b>24.4%</b>	<ul style="list-style-type: none"> <li>Improving end markets (industrial, automotive, electronics, construction) driving growth in industrial adhesives and tapes, roofing granules, auto body repair, electrical OEM/MRO and abrasives</li> <li>Respirator demand added 6.4 ppts to organic growth</li> <li>Operating margins +70 bps YoY; improvement due to sales growth leverage, partially offset by rising raw materials, logistics and legal costs</li> </ul>
<b>Transportation &amp; Electronics</b>	<b>+9.8%</b>	<b>23.3%</b>	<ul style="list-style-type: none"> <li>Organic growth led by electronics due to strong demand in data center, semiconductor, interconnect and consumer electronics (TVs/laptops); automotive OEM outgrew global car builds</li> <li>Operating margins +260 bps YoY; improvement due to sales growth leverage and prior year COVID-19 impacted asset write-downs, partially offset by rising raw materials and logistics costs</li> </ul>
<b>Health Care</b>	<b>+9.3%</b>	<b>22.7%</b>	<ul style="list-style-type: none"> <li>Organic growth led by oral care due to higher patient visits; separation and purification growth driven by development and manufacturing of COVID-19 vaccines; medical solutions continues to be impacted by year-on-year declines in healthcare procedure volumes</li> <li>Operating margins +120 bps YoY; improvement due to sales growth leverage, partially offset by supply chain disruptions and rising raw materials and logistics costs</li> </ul>
<b>Consumer</b>	<b>+7.8%</b>	<b>21.1%</b>	<ul style="list-style-type: none"> <li>Continued strength in home improvement; office and stationery delivered positive organic growth driven by emerging return-to-school and work-place trends</li> <li>Operating margins similar YoY; sales growth leverage, offset by higher raw materials, logistic and outsourced hardgoods manufacturing costs, and investments in advertising and merchandising</li> </ul>

# 2021 planning estimates

**3% to 6%**

**Organic local-  
currency growth**

**\$9.20 to  
\$9.70**

**Earnings per  
share**

**95% to  
105%**

**Free cash flow  
conversion**

**2021 off to a good start ... improved growth, strong execution**

**Uncertainties remain, primarily due to ongoing COVID-19 impacts**

- **Expecting macroeconomic and end-market recovery to continue, but remain fluid and uneven**
- **Supply chain challenges continue; anticipating raw materials/logistics FY 2021 headwind of -\$0.30 to -\$0.50 per share vs. flat to -\$0.10, previously**
- **Continue to expect additional restructuring actions, estimated FY 2021 pre-tax charge of \$110M to \$160M, includes Q2 charge of \$25M to \$50M**
- **Other financial: estimated FY 2021 of +\$0.05 vs. flat, previously (includes pension accounting change, partially offset by higher diluted shares)**

**Expecting continued strong execution and operating rigor**

**Maintaining strong capital allocation discipline; prioritizing investments in growth, productivity and sustainability**

# Q&A

## **Mike Roman**

Chairman of the Board &  
Chief Executive Officer

## **Monish Patolawala**

Executive Vice President &  
Chief Financial Officer

## **John Banovetz**

Executive Vice President &  
Chief Technology Officer &  
Environmental Responsibility

## **Bruce Jermeland**

Senior Vice President,  
Investor Relations

# Appendix

# Q1 2021 P&L

(\$M)	Q1 2020	Q1 2021	Change
<b>Sales</b>	\$8,075	\$8,851	+9.6%
<b>Gross profit</b>	\$3,966	\$4,326	+9.1%
% to sales	49.1%	48.9%	-0.2 pts
<b>SG&amp;A</b>	\$1,768	\$1,808	+2.3%
% to sales	21.9%	20.5%	-1.4 pts
<b>R&amp;D &amp; related</b>	\$537	\$524	-2.4%
% to sales	6.6%	5.9%	-0.7 pts
<b>Gain on sale of businesses</b>	(\$2)	----	NM
% to sales	0.0%	----	NM
<b>Operating income</b>	\$1,663	\$1,994	+19.9%
% to sales	20.6%	22.5%	+1.9 pts
<b>Net income</b>	\$1,308	\$1,624	+24.2%
<b>GAAP earnings per share</b>	\$2.25	\$2.77	+23.1%

# Q1 2021 sales recap

	Americas	EMEA	APAC
Organic volume	+5.1%	+4.5%	+13.3%
Price	+1.2%	+1.0%	-0.5%
Organic local-currency	+6.3%	+5.5%	+12.8%
Acquisitions/Divestitures	-1.6%	-3.0%	----
FX	-0.2%	+7.9%	+5.3%
Total growth	+4.5%	10.4%	+18.1%

	U.S.	Canada	Mexico	Brazil	China/HK	Japan
Organic local-currency	+6.5%	-0.3%	-1.6%	+18.4%	+31.6%	-1.2%

# Business segment information

(\$M) Business groups	Net Sales		Q1 2021 Sales Growth				Organic local-currency by Geographic Area			Business Segment Operating Income/Adjusted Operating Income*			Business Segment Operating Margin/Adjusted Operating Margin*	
	Q1 2020	Q1 2021	Organic local- currency	FX	M&A	Total Sales change	Americas	Asia Pacific	EMEA	Q1 2020	Q1 2021	Percent change	Q1 2020	Q1 2021
Safety & Industrial	\$2,927	\$3,327	10.3%	3.4%	0.0%	13.7%	12%	9%	7%	\$694	\$811	16.8%	23.7%	24.4%
Transportation & Electronics	\$2,239	\$2,531	9.8%	3.3%	0.0%	13.1%	-4%	20%	Flat	\$464	\$591	27.4%	20.7%	23.3%
Health Care	\$2,104	\$2,248	9.3%	3.1%	-5.6%	6.8%	8%	8%	16%	\$452	\$509	12.6%	21.5%	22.7%
Consumer	\$1,250	\$1,373	7.8%	2.0%	0.0%	9.8%	9%	5%	7%	\$265	\$289	9.4%	21.2%	21.1%
Elimination of Dual Credit	(\$445)	(\$626)								(\$113)	(\$159)			
Total Operating Business Segment										\$1,762	\$2,041			
Corporate & Unallocated	\$0	(\$2)								(\$84)	(\$47)			
<b>Total</b>	<b>\$8,075</b>	<b>\$8,851</b>	<b>8.0%</b>	<b>3.0%</b>	<b>-1.4%</b>	<b>9.6%</b>	<b>6.3%</b>	<b>12.8%</b>	<b>5.5%</b>	<b>\$1,678</b>	<b>\$1,994</b>	<b>18.8%</b>	<b>20.8%</b>	<b>22.5%</b>

\* "Corporate and Unallocated" and "Total" provided on an adjusted basis  
Organic local-currency = organic volume + price

# Additional sales detail

(\$M) Business groups	Net Sales	
	Q1 2020	Q1 2021
Abrasives	330	352
Automotive Aftermarket	284	312
Closure and Masking Systems	268	243
Electrical Materials	288	307
Industrial Adhesives & Tapes	671	768
Personal Safety	989	1,237
Roofing Granules	95	108
Other Safety & Industrial	2	0
<b>Total Safety &amp; Industrial Business Group</b>	<b>2,927</b>	<b>3,327</b>
Advanced Materials	288	316
Automotive & Aerospace Solutions	448	516
Commercial Solutions	430	438
Electronics	863	1,042
Transportation Safety	211	218
Other Transportation & Electronics	(1)	1
<b>Total Transportation &amp; Electronics Business Group</b>	<b>2,239</b>	<b>2,531</b>

(\$M) Business groups	Net Sales	
	Q1 2020	Q1 2021
Drug Delivery	105	0
Food Safety	91	88
Health Information Systems	277	289
Medical Solutions	1,153	1,267
Oral Care	277	363
Separation & Purification Sciences	202	241
Other Health Care	(1)	0
<b>Total Health Care Business Group</b>	<b>2,104</b>	<b>2,248</b>
Consumer Health & Safety	172	150
Home Care	271	279
Home Improvement	503	623
Stationery & Office	268	285
Other Consumer	36	36
<b>Total Consumer Business Group</b>	<b>1,250</b>	<b>1,373</b>
Corporate & Unallocated	0	(2)
Elimination of Dual Credit	(445)	(626)
<b>Total</b>	<b>8,075</b>	<b>8,851</b>



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