



3M Science.
Applied to Life.™

2020 Fourth Quarter Business Review and 2021 Outlook

(Unaudited)

January 26, 2021

Events

2021 Earnings Calls

Q1

April 27, 2021

Q2

July 27, 2021

Q3

October 26, 2021

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) 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; (4) 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, 2019, and any subsequent quarterly reports on Form 10-Q (the "Reports"); (5) competitive conditions and customer preferences; (6) foreign currency exchange rates and fluctuations in those rates; (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; and (13) the Company's credit ratings and its cost of capital. 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 January 26, 2021 press release for descriptions of non-GAAP financial measures such as adjusted free cash flow, adjusted free cash flow conversion, return on invested capital (ROIC), 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.

3M is delivering and well positioned for the future

- **Continuing to fight the COVID-19 pandemic from every angle**
- **Strong Q4: broad-based growth, improved margins, robust cash flow**
- **2020: executed well while transforming for the future**
- **Accelerating investments in growth, productivity, and sustainability**
- **Initiating full-year 2021 guidance; well positioned for growth**

Protecting employees, serving customers and delivering for shareholders

Q4 2020 performance: strong finish to the year

5.5%

year-on-year

Organic local-currency growth

\$2.38

+22.1% year-on-year

Adjusted earnings per share

21.5%

+2.5 pts year-on-year

Adjusted operating margin

Sales of \$8.6B, up 5.8% year-on-year

- Organic growth across all business segments and geographic areas
- COVID-related respirator sales growth of ~\$280M, or +3.5 pts contribution to total company sales growth

End-market trends year-on-year

- Strength: personal safety, home improvement, semiconductor, data center, home cleaning and biopharma filtration
- Weakness: hospitality, healthcare and oral care elective procedures, healthcare IT and office supplies

Adjusted EBITDA margins of 27.3%, up 260 bps year-on-year

Adjusted free cash flow of \$2.1B, up 16% year-on-year

Reduced net debt by \$1.3B, or 9% sequentially

Q4 2020 P&L

\$8.6B

+5.8% year-on-year

Net sales

\$1.8B

+20.1% year-on-year

Adjusted operating income

\$1.4B

+22.4% year-on-year

Adjusted net income

Adjusted operating income margin reconciliation:

Q4 2019	19.0%	
Organic volume/ productivity and other	+1.6%	Organic volume growth; disciplined cost management/productivity; Q4 2020 gain on sale of properties (+0.6%); increase in respirator mask reserve (-0.9%)
Acquisitions/divestitures	+0.1%	Primarily drug delivery divestiture
Price/raw material	+0.8%	Selling prices up 0.8% year-on-year; lower raw material costs
FX	-0.1%	Net of hedge impact
Restructuring	+0.1%	Pre-tax charge Q4 2020 \$137M vs. Q4 2019 \$134M
Q4 2020	21.5%	

Q4 2020 adjusted EPS

\$2.38

+22.1% year-on-year

Adjusted earnings per share

Adjusted earnings per share reconciliation:

Q4 2019	\$1.95	
Organic growth/productivity and other	+\$0.43	Organic sales growth; disciplined cost management/productivity; Q4 2020 gain on sale of properties (+\$0.09); increase in respirator mask reserve (-\$0.10)
Acquisitions/divestitures	-\$0.02	Primarily drug delivery divestiture
FX	+\$0.02	Pre-tax earnings impact of +\$13M
Restructuring	\$0.00	Pre-tax charge Q4 2020 \$137M vs. Q4 2019 \$134M
Other expense/shares outstanding	-\$0.03	Primarily higher net interest (including early debt retirement)
Tax rate*	+\$0.03	Underlying tax rate; rate benefited by geographic mix of pre-tax income
Q4 2020	\$2.38	

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

Q4 2020 cash flow and balance sheet

\$2.1B

Adjusted free cash flow

Adjusted free cash flow of \$2.1B, up 16% year-on-year

- FY 2020: \$6.7B, up 18% year-on-year

Adjusted free cash flow conversion of 151%

- FY 2020: 132%, up 22 pts vs. last year

\$5.1B

Cash & marketable securities

Capital expenditures:

- Q4 2020: \$422M, down \$116M year-on-year
- FY 2020: \$1.5B, down \$198M year-on-year

\$0.8B

Dividends

Net debt:

- Q4 2020 \$13.7B vs. Q3 2020 \$15.0B, down 9%
- YE 2020 \$13.7B vs. YE 2019 \$17.8B, down 23%

Cash returned to shareholders

- FY 2020: \$3.8B in cash dividends paid and share repurchases

Q4 Business Group performance

	Sales Organic growth	Segment Operating Margin Change	Commentary
Safety & Industrial	\$3.1B +11.4%	27.7% +6.9 ppts	<ul style="list-style-type: none"> Organic sales grew in personal safety, roofing granules, industrial adhesives and tapes, and electrical markets; declined automotive aftermarket, abrasives, and closure and masking systems Organic sales growth benefited by 9.9 ppts due to pandemic related respirator mask demand Segment operating margin improvement driven by sales growth, strong productivity, continued spending discipline and property sale gain
Transportation & Electronics	\$2.3B +1.4%	21.8% +1.0 ppts	<ul style="list-style-type: none"> Organic sales grew in automotive and aerospace, transportation safety, electronics, and advanced materials; declined in commercial solutions Segment operating margin improvement driven by continued spending discipline
Health Care	\$2.3B +6.6%	24.7% +3.4 ppts	<ul style="list-style-type: none"> Organic sales grew in medical solutions, separation and purification, and food safety; declined in oral care and health information systems Segment operating margin improvement driven by continued spending discipline, partially offset by higher restructuring costs
Consumer	\$1.4B +9.9%	23.5% Flat	<ul style="list-style-type: none"> Organic sales grew in home improvement, home care, and consumer healthcare; declined in stationery and office supplies Segment operating margins improvement driven by sales growth and strong productivity, offset by increased investments in ad merch, new product innovation, and higher restructuring costs

2020 full-year performance

Executed well and delivered strong cash flow

-1.7%

**Organic local
currency growth**

\$8.74

**Adjusted earnings
per share**

18.2%

**Return on
invested capital**

132%

**Adjusted free cash
flow conversion**

- Delivered for our customers and generated adjusted free cash flow of \$6.7 billion
- Expanded adjusted EBITDA margins to 27.2%, up 100 basis points year-on-year
- Strength and resiliency of operating model and disciplined capital allocation enabled \$4.1 billion reduction in net debt
- Strengthened Health Care portfolio; executed integration of Acelity and completed drug delivery divestiture
- Returned \$3.8 billion to shareholders via cash dividends and share repurchase
- 2020 marked the 62nd consecutive year of increase in annual dividend

Delivering today, building for a stronger tomorrow



Fought the pandemic from every angle

- Produced and delivered 2 billion respirators; expanded production capacity to 2.5 billion units
- Helped speed vaccine and therapeutic development
- Partnered with governments to maintain PPE supply

Executed for customers and end markets where demand was strong

- Personal safety; home improvement; semiconductor; data centers; general cleaning; biopharma filtration

Advanced business model and invested in efficiency, productivity, and growth

- Increased pace of innovation; expanded partnerships
- Delivered strong supply chain execution despite macroeconomic disruption and uncertainty
- Initiated restructuring actions to reduce annual operating costs by \$250 million to \$300 million

Positioned for strong 2021 performance

Accelerating investments in growth, productivity and sustainability



- **Forecasting organic sales growth of 3 to 6 percent, improvement in margins and earnings, and strong cash flow generation**
- **Prioritizing investments in end markets where demand is strong and sustainable ... personal safety, health care, auto OEM, semiconductor, data center, and home improvement ... and Priority Growth Platforms**
- **Optimizing business group-led global operating model, business processes, and streamlining global organization**
- **Accelerating pace of manufacturing technology deployment**
- **Advancing operating rigor through end-to-end digitization and leveraging data and data analytics**
- **Stepping up ESG leadership: enhancing sustainability including air and water stewardship; advancing diversity, equity and inclusion**

Full-year 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**

Sales growth of 5% to 8%:

- Organic local-currency: 3% to 6%
- Divestitures: approx. -0.5%
- Foreign currency translation: approx. 2%

Disciplined capital allocation:

- Cap-ex: \$1.8B to \$2.0B
- Pension contributions: \$0.1B to \$0.2B
- Restarting share repurchase program

**Continue to strengthen capital structure and
financial flexibility**

2021 organic local-currency growth segment expectations

Total 3M: 3% to 6%

Business Groups	Organic Growth
Safety & Industrial	Mid-single digits
Transportation & Electronics	Low to high-single digits
Health Care	Low to mid-single digits
Consumer	Low to mid-single digits

Macroeconomic/End-Market Factors
<ul style="list-style-type: none">• Pace and success of vaccine deployment and adoption• 2021 global GDP and IPI expected up mid-single digits• Semiconductor; data center; consumer electronic device demand• Car & light truck builds• Disposable respirator demand• Return-to-workplace/return-to-school trends• Healthcare and oral care elective procedure volumes• Retail sales and e-commerce strength• Home improvement trends

Q&A

Mike Roman

Chairman and
Chief Executive Officer

Monish Patolawala

Senior Vice President and
Chief Financial Officer

Bruce Jermeland

Vice President,
Investor Relations

Appendix

Q4 2020 P&L

(\$M)	Q4 2019	Q4 2020	Change
Sales	\$8,111	\$8,583	+5.8%
Gross profit	\$3,786	\$4,195	+10.8%
% to sales	46.6%	48.8%	+2.2 pts
SG&A	\$1,940	\$1,890	-2.6%
% to sales	23.9%	22.0%	-1.9 pts
R&D & related	\$521	\$456	-12.4%
% to sales	6.4%	5.3%	-1.1 pts
Operating income	\$1,325	\$1,849	+39.5%
% to sales	16.3%	21.5%	+5.2 pts
Net income	\$969	\$1,389	+43.4%
GAAP earnings per share	\$1.66	\$2.38	+43.4%

Q4 2020 sales recap

	Americas	EMEA	Asia Pacific
Organic volume	+6.6%	+3.8%	+2.1%
Price	+1.3%	+1.8%	-0.4%
Organic local-currency	+7.9%	+5.6%	+1.7%
Acquisitions/Divestitures	-0.9%	-3.2%	-0.2%
FX	-1.2%	+5.0%	+3.8%
Total growth	+5.8%	+7.4%	+5.3%

	U.S.	Canada	Mexico	Brazil	China	Japan
Organic local-currency	+9%	+2%	Flat	+21%	+14%	-4%

Business segment information

(\$M) Business groups	Net Sales		Q4 2020 Sales Growth				Organic local-currency by Geographic Area			Business Segment Operating Income/Adjusted Operating Income*			Business Segment Operating Margin /Adjusted Operating Margin*	
	Q4 2019	Q4 2020	Organic local- currency	FX	M&A	Total Sales change	Americas	Asia Pacific	EMEA	Q4 2019	Q4 2020	Percent Change	Q4 2019	Q4 2020
Safety & Industrial	\$2,785	\$3,140	11.4%	1.3%	0.0%	12.7%	15%	2%	14%	\$579	\$869	49.9%	20.8%	27.7%
Transportation & Electronics	\$2,286	\$2,338	1.4%	2.2%	-1.3%	2.3%	-1%	3%	Flat	\$474	\$511	7.5%	20.8%	21.8%
Health Care	\$2,141	\$2,257	6.6%	1.6%	-2.8%	5.4%	9%	flat	7%	\$457	\$558	22.3%	21.3%	24.7%
Consumer	\$1,289	\$1,425	9.9%	0.7%	0.0%	10.6%	13%	-2%	9%	\$303	\$335	10.7%	23.5%	23.5%
Elimination of Dual Credit	(\$402)	(\$577)								(\$101)	(\$150)			
Total Operating Business Segment										\$1,712	\$2,123			
Corporate and Unallocated	\$12	---								(\$173)	(\$274)			
Total	\$8,111	\$8,583	5.5%	1.4%	-1.1%	5.8%	7.9%	1.7%	5.6%	\$1,539	\$1,849	20.1%	19.0%	21.5%

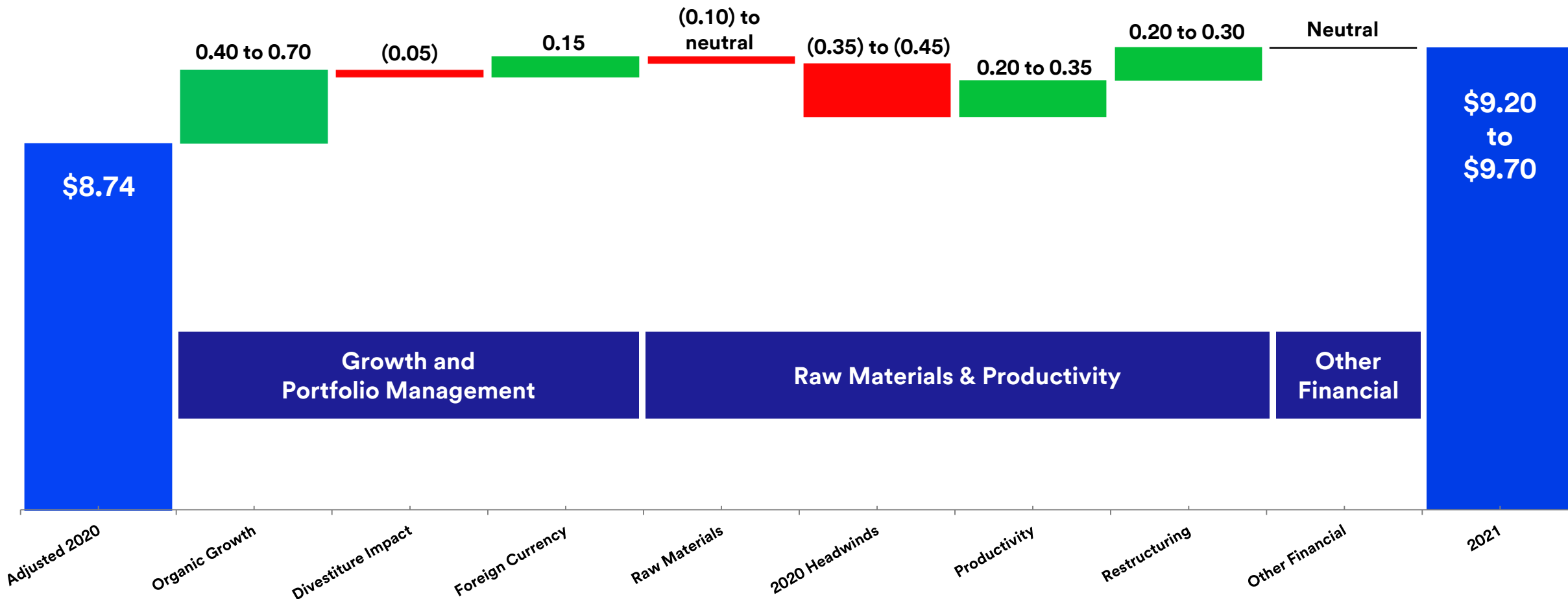
* “Corporate and Unallocated” and “Total” provided on an adjusted basis
Organic local-currency = organic volume + price

Sales by division

(\$M) Business groups	Net Sales	
	Q4 2019	Q4 2020
Abrasives	328	317
Automotive Aftermarket	312	306
Closure and Masking Systems	276	248
Electrical Materials	288	292
Industrial Adhesives and Tapes	648	689
Personal Safety	851	1,212
Roofing Granules	73	95
Other Safety & Industrial	9	(19)
Total Safety & Industrial Business Group	2,785	3,140
Advanced Materials	284	266
Automotive & Aerospace Solutions	450	487
Commercial Solutions	403	382
Electronics	951	996
Transportation Safety	202	212
Other Transportation & Electronics	(4)	(5)
Total Transportation & Electronics Business Group	2,286	2,338

(\$M) Business groups	Net Sales	
	Q4 2019	Q4 2020
Drug Delivery	95	-
Food Safety	87	90
Health Information Systems	324	307
Medical Solutions	1,120	1,315
Oral Care	330	335
Separation & Purification	189	214
Other Health Care	(4)	(4)
Total Health Care Business Group	2,141	2,257
Consumer Health Care	84	88
Home Care	244	270
Home Improvement	568	664
Stationery and Office	370	364
Other Consumer	23	39
Total Consumer Business Group	1,289	1,425
Corporate and Unallocated	12	-
Elimination of Dual Credit	(402)	(577)
Total	8,111	8,583

2021 EPS roadmap



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