3M News Center

3M Reports First-Quarter 2022 Results

ST. PAUL, Minn., April 26, 2022 /PRNewswire/ -- 3M (NYSE: MMM) today reported first-quarter 2022 results.

"In a challenging global environment, 3M delivered a strong start to 2022 with solid growth, operating margins, and robust cash generation," said 3M chairman and chief executive officer Mike Roman. "In response to feedback from our shareholders and to provide additional clarity on the strength of our underlying business performance, starting in the first quarter we are reporting adjusted earnings to exclude costs for significant litigation. These included, as we communicated on March 30th, the announced additional investment related to Zwijndrecht, which resulted in a 26-cent charge, along with costs related to other significant litigation of 13-cents in the first quarter. Excluding the Zwijndrecht investment our financial outlook for 2022 remains unchanged.

"We continue to prioritize actions to better serve our customers while managing supply chain and inflationary challenges," Roman continued. "Our balance sheet remains strong and we continued to invest in capital expenditures and R&D to support long-term growth and advance our sustainability commitments, while also returning significant cash to shareholders. Looking ahead, our teams will continue to focus on improving our operational performance and delivering value for our customers and shareholders."

First-Quarter Highlights:

Sales of $8.8 billion, down 0.3 percent year-on-year, which included organic sales growth of 2 percent year-on-year. GAAP earnings per share were $2.26, down 18 percent year-on-year. Adjusted earnings per share were $2.65, down 10 percent year-on-year.

	Q1 2022	Q4 2021	Q1 2021
GAAP EPS	$2.26	$2.31	$2.77
Special items:			
Net costs for significant litigation:			
Zwijndrecht-related (PFAS-related environmental commitments as previously announced on March 30, 2022)	0.26	—	—
Other significant litigation	0.13	0.14	0.18
Total	0.39	0.14	0.18
Adjusted EPS	$2.65	$2.45	$2.95
Memo:			
GAAP operating income margin	18.6%	18.8%	22.5%
Adjusted operating income margin	21.4%	20.0%	24.1%

See the "Supplemental Financial Information Non-GAAP Measures" section for applicable information.

Operating cash flow was $1.0 billion, down 40 percent year-on-year, while adjusted free cash flow was $0.7 billion, down 50

percent year-on-year.
3M returned $1.6 billion to shareholders via dividends and gross share repurchases, up 49 percent year-on-year.

Company Updates Non-GAAP Measures

As provided in 3M's Form 8-K datedApril 26, 2022, effective in the first quarter of 2022,3M made further changes to its measure of segment operating performance (updating the Form 8-K dated February 11, 2022) and changed its calculation of certain non-GAAP measures. The information reflects changes in the extent of matters and charges/benefits 3M includes within special items with respect to net costs for significant litigation when presenting these non-GAAP measures. Previously, 3M included net costs, when significant, associated with changes in accrued liabilities related to respirator mask/asbestos litigation and PFAS-related other environmental matters, along with the associated tax impacts. These non-GAAP measure changes involved adding litigation related to 3M's Combat Arms Earplugs and including the impacts of legal fees associated with applicable matters and of the net total change in accrued liability. The information provided herein reflects the impacts of these changes for all periods presented.

	Full Year		
$M, except EPS	**2021**	**2020**	**2019**
GAAP amounts comparable to non-GAAP amounts mentioned below			
Operating income	$ 7,369	$ 7,161	$ 6,174
Operating income margin	20.8 %	22.3 %	19.2 %
EPS	$ 10.12	$ 9.36	$ 7.72
Certain amounts adjusted for special items (non-GAAP measures)*			
Previous basis for special items:			
Operating income	$ 7,369	$ 6,844	$ 6,822
Operating income margin	20.8 %	21.3 %	21.2 %
EPS	$ 10.12	$ 8.85	$ 8.79
Updated basis for special items:			
Operating income	$ 7,832	$ 7,180	$ 6,911
Operating income margin	22.2 %	22.3 %	21.5 %
EPS	$ 10.73	$ 9.29	$ 8.90
Memo:			
Impact of change on previous basis operating income margin	1.4 %	1.0 %	0.3 %
Additional net costs per share treated as special item under updated basis	$ 0.61	$ 0.44	$ 0.11

*See 2021 Annual Report on Form 10-K and Form 8-K dated April 26, 2022 for information regarding these non-GAAP measures on the previous basis and updated basis, respectively.

Full-Year 2022 Outlook

While the macroeconomic and geopolitical environment remains challenging and fluid, 3M continues to manage and navigate the headwinds facing its businesses. The company updated its full-year 2022 GAAP earnings outlook to incorporate the previously referenced first-quarter charge of $0.26 per share for Zwijndrecht-related PFAS environmental commitments. Excluding this Zwijndrecht investment, our full-year 2022 financial outlook remains unchanged.

3M now expects its full-year 2022 GAAP earnings per share to be in the range of $9.89 to $10.39 versus a prior expectation of $10.15 to $10.65. Full-year 2022 adjusted earnings is expected to be in the range of $10.75 to $11.25 per share, excluding estimated impacts from special items.

The company's full-year organic sales growth and free cash flow conversion ranges remain unchanged.

See the "Supplemental Financial Information Non-GAAP Measures" section for applicable information.

3M will conduct an investor teleconference at 9 a.m. EDT (8 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 at http://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 21999289). The telephone replay will be available until 11:30 a.m. EDT (10:30 a.m. CDT) on May 3, 2022.

Consolidated Financial Statements and Supplemental Financial Information Non-GAAP Measures

View the Consolidated Financial Statements and Supplemental Financial Information Non-GAAP Measures on 3M's website: https://investors.3m.com/Financial-Statements-Q122/

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 December 31, 2021, 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, labor, and energy (including oil and natural gas and their derivatives) due to shortages, increased demand and wages, logistics, manufacturing site disruptions or supply chain 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.

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.

Please note that the company announces material financial, business and operational information using the 3M investor relations website, SEC filings, press releases, public conference calls and webcasts. The company also uses the 3M news center and social media to communicate with our customers and the public about the company, products and services and other matters. It is possible that the information 3M posts on the news center and social media could be deemed to be material information. Therefore, the company encourages investors, the media and others interested in 3M to review the information posted on 3M's news center and the social media channels such as Twitter@3M or @3MNews.

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