

3M Reports Second Quarter 2023 Results; Proactive Initiatives Drive Strong Quarterly Financial Results; Raises Full-Year Adjusted EPS Guidance

ST. PAUL, Minn., July 25, 2023 [/PRNewswire/](#) -- 3M (NYSE: MMM) today reported second quarter 2023 results.

"In the second quarter, the actions we took to strengthen our supply chain and restructure the company led to improved service for customers, reduced costs across 3M, and better than expected margins and cash flow," said Mike Roman, 3M chairman and chief executive officer. "As we execute our strategy, we are positioning 3M for long-term performance, including progressing the planned spin of our Health Care business and addressing a significant portion of PFAS litigation."

Second Quarter Highlights:

	Q2 2023	Q2 2022
GAAP earnings (loss) per share	\$ (12.35)	\$ 0.14
Special items:		
Impact of public water systems (PWS) settlement	14.19	—
Other net costs for significant litigation	0.24	2.34
Other special items, net	0.09	(0.03)
Adjusted EPS	\$ 2.17	\$ 2.45
Memo:		
GAAP operating income (loss) margin	(107.6) %	1.3 %
Adjusted operating income margin	19.3 %	21.6 %

GAAP loss per share of \$12.35 and operating margin of minus 107.6% include the previously announced proposed settlement agreement with PWS in the United States regarding PFAS resulting in a pre-tax charge of \$10.3 billion payable over 13 years, negatively impacting earnings per share by \$14.19.

Adjusted earnings per share of \$2.17 includes pre-tax restructuring charges of \$212 million, or negative \$0.31 per share.

Adjusted operating income margin of 19.3% includes a 2.7 percentage point headwind from pre-tax restructuring charges.

	GAAP	Adjusted (Non-GAAP)
Net sales (Millions)	\$8,325	\$7,993
Sales change		
Total sales	(4.3) %	(4.7) %

Components of sales change:

Organic sales ¹	(2.2) %	(2.5) %
Acquisitions/divestitures	(1.2) %	(1.3) %
Translation	(0.9) %	(0.9) %

Adjusted sales excludes manufactured PFAS products.

¹ Above adjusted organic sales decline includes a 1.7 percentage point headwind from the decline in disposable respirator demand.

Sales of \$8.3 billion, down 4.3 percent year-on-year, with organic sales decline of 2.2 percent year-on-year. Adjusted sales of \$8.0 billion, down 4.7 percent year-on-year with adjusted organic sales decline of 2.5 percent year-on-year.

Operating cash flow of \$1.5 billion, up 34 percent year-on-year; adjusted free cash flow of \$1.5 billion, up 44 percent year-on-year.

3M returned \$828 million to shareholders via dividends.

The above includes reference to certain non-GAAP measures. See the "Supplemental Financial Information Non-GAAP Measures" section for applicable information.

Full-Year 2023 Outlook

Given the company's strong operational execution and cost discipline, 3M raises its full-year adjusted EPS² expectations for 2023 to \$8.60 to \$9.10 vs. \$8.50 to \$9.00 prior.

Adjusted total sales growth² in the range of -5 to -1 percent, reflecting adjusted organic sales growth of -3 percent to flat, which remains unchanged.

Adjusted operating cash flow² of \$5.9 to \$6.3 billion is contributing to 90% to 100% adjusted free cash flow conversion², which is also unchanged.

² As further discussed at 6 within the "Supplemental Financial Information Non-GAAP Measures" section, 3M cannot, without unreasonable effort, forecast certain items required to develop meaningful comparable GAAP financial measures and, therefore, does not provide them on a forward-looking basis reflecting these items.

3M Resolves Claims by PWS in the United States

On June 22, 2023, 3M issued a [press release](#) announcing a proposed settlement agreement with PWS in the United States regarding PFAS. As a result of this agreement, 3M recorded a pre-tax charge of \$10.3 billion in the second quarter of 2023. The charge reflects the present value of the expected \$12.5 billion nominal value of 3M's payments over 13 years under the agreement.

Conference Call

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 <https://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 at <https://investors.3m.com/financials/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 22024175). The telephone replay will be available until 11:30 a.m. EDT (10:30 a.m. CDT) on August 1, 2023.

Consolidated Financial Statements and Supplemental Financial Information Non-GAAP Measures

View the Financial Statement Information on 3M's website: <https://investors.3m.com/financials/quarterly-earnings>

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, 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 ("Settlement") to resolve claims by public water systems in the United States regarding PFAS, including whether court approval of the Settlement will be obtained, whether the number of plaintiffs that opt out of the Settlement will exceed current expectations or will exceed the level that would permit 3M to terminate the Settlement (and whether 3M will elect to terminate the Settlement if this occurs), whether the Settlement is appealed, the timing and amount of payments made under the Settlement, and the impact of the 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 the voluntary chapter 11 proceedings of the Company's subsidiary Aearo Technologies and certain of its affiliates. 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.

About 3M

3M (NYSE: MMM) believes science helps create a brighter world for everyone. By unlocking the power of people, ideas and science to reimagine what's possible, our global team uniquely addresses the opportunities and challenges of our customers, communities, and planet. Learn how we're working to improve lives and make what's next at [3M.com/news](https://www.3m.com/news) or on Twitter at @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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<https://news.3m.com/2023-07-25-3M-Reports-Second-Quarter-2023-Results-Proactive-Initiatives-Drive-Strong-Quarterly-Financial-Results-Raises-Full-Year-Adjusted-EPS-Guidance>