Health Care Business Group

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3M Investor Day
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Our Vision

3M Technology Advancing Every Company
3M Products Enhancing Every Home
3M Innovation Improving Every Life
3M playbook

Our Vision
3M Technology Advancing Every Company
3M Products Enhancing Every Home
3M Innovation Improving Every Life

Our Strategies
- Expand Relevance to our Customers and our Presence in the Marketplace
- Gain Profitable Market Share and Accelerate Market Penetration Everywhere
- Invest in Innovation: Ignite new Existing Market Opportunities and Focus on Emerging Megatrends

3M's Code of Conduct:
The Fundamentals

Be Good: Using the law and 3M’s Code of Conduct
Be Loyal: Protect 3M’s interests, assets, and information
Be Honest: Be Accurate

Portfolio Management
Investing in Innovation
Business Transformation

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Agenda

- A Growth Business in an Attractive Market
- Strategic Focus on Care Pathways Innovation
- A Portfolio Driving Efficient Growth
- Efficient Growth in 2016 and Beyond
A Growth Business in an Attractive Market

Strategic Focus on Care Pathways Innovation

A Portfolio Driving Efficient Growth

Efficient Growth in 2016 and Beyond
Health Care Business Group
2015 Sales $5.4B; Operating Income Margin 31.8%

Infection Prevention: $1.5B

Critical & Chronic Care Solutions: $1.2B

Health Information Systems: $0.8B

Oral Care Solutions: $1.2B

Drug Delivery Systems: $0.4B

Food Safety: $0.3B
Businesses delivering value solutions in large and growing healthcare industry segments

Medical Devices  
- $53B  
- 3 - 4%

Healthcare IT  
- $11B  
- 5 - 8%

Oral Care  
- $12B  
- 3 - 6%

Drug Delivery  
- $21B  
- 3 - 5%

Food Safety  
- $3B  
- 8 - 10%

Figures represent 3M Healthcare business addressable markets and 2015-2020 market CAGRs  
Sources: GlobalData, Frost & Sullivan and 3M calculations

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Developing markets continue to present significant opportunity for accelerated growth

Trends in Developing Markets

- Growing middle class with desire for better access to and quality of healthcare
- Increased incidence of chronic diseases requires faster advances in the standard of care practice
- Private healthcare sector expansion

$1.1B

3M sales in developing markets in 2015

12%

3M organic local currency CAGR, 2012-2015
Agenda

A Growth Business in an Attractive Market

Strategic Focus on Care Pathways Innovation

A Portfolio Driving Efficient Growth

Efficient Growth in 2016 and Beyond
Health care industry trends and needs continue to evolve

Key Industry Needs

- Broader access to care
- Reduced costs
- Improved health outcomes
- Better patient care experience

Industry Success Enablers

- Prevention
- Care Pathways Innovation
- Digitization
- Health economics based decisions

Industry trends are accelerating the drive towards maximizing value for the patient
Care Pathway innovation will be the most transformative enabler

Care Pathway Definition

- Processes used to deliver care, reduce variability in clinical practice and improve outcomes
- Two primary types of pathways:
  - Treatment processes
  - Business processes
The 3M Health Care Business strategic intent:
Care Pathways innovation for improved and cost effective health outcomes
Care Pathways for our businesses in health care

**Infection Prevention Business**
- Surgical site protection
- Core body temperature regulation
- De-contamination reprocessing

**Critical & Chronic Care Solutions Business**
- Vascular access
- Wound & skin care
- Securement

**Oral Care Solutions Business**
- Diagnostics & prevention
- Direct restoration
- Indirect replacement
- Traditional orthodontics
- Digital orthodontics

**Drug Delivery Systems Business**
- Inhalation drug delivery
- Transdermal drug delivery

**Health Information Systems Business**
- Computer-assisted physician documentation
- Preventing high-cost events
- Automating compliance

**Food Safety Business**
- Testing and detection
- Hygiene monitoring
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Actively managing the portfolio for growth

**consolidation**
Increasing relevance to win in a changing market

Dental Business + Orthodontic Business

**divestitures**
Maximizing shareholder value

1 technology sale
3 technology licenses
1 divestiture

**acquisitions**
Strengthening and broadening Care Pathways

1 technology license
3 technology licenses
Creating the future organically: Top R&D programs

**Surgical Site Protection**
- **$1.5B** Opportunity
  - Soft tissue management
  - Endoscope decontamination & reprocessing

**Advanced Wound Care**
- **$1.7B** Opportunity
  - Dermal/epidermal healing
  - Debridement

**Food Testing and Detection**
- **$1.0B** Opportunity
  - Chemical detection of allergens and toxins

**Inhalation Drug Delivery**
- **$3.0B** Opportunity
  - Smart inhaler: increasing patient compliance with metered dose inhaler treatments

**Computer-Assisted Physician Documentation**
- **$4.0B** Opportunity
  - Health care analytics
  - Increasing documentation compliance and efficiency

**Digital Oral Care**
- **$1.6B** Opportunity
  - Digital orthodontics
  - Intra-oral scanning

Consistently investing 8% of sales in Research and Development
# Computer-assisted physician documentation

## Customer documentation challenges

<table>
<thead>
<tr>
<th>Duplicate clinical notes</th>
<th>Hospital miscoding</th>
<th>Copy-paste mistakes, focus of <em>The Centers for Medicare and Medicaid Services (CMS)</em></th>
<th>Missing diagnosis details</th>
</tr>
</thead>
</table>

## The opportunity

- **$4B** total addressable market
  - Create documentation to support the transition to value-based care
  - Ensuring the documentation accurately reflects the quality of care provided

## Why 3M?

- Expertise in natural language processing
- Proprietary methodologies for risk adjustment and performance
- Integration with provider systems and workflows

## 3M™ 360 Encompass™ MD System

<table>
<thead>
<tr>
<th>3M 360 Encompass MD: Copy/Paste</th>
</tr>
</thead>
<tbody>
<tr>
<td>Launched 2015</td>
</tr>
<tr>
<td>Identifies high-risk duplicate text</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>3M 360 Encompass MD: Hospital inpatient documentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Launching 2016</td>
</tr>
<tr>
<td>Population health management and patient engagement tools</td>
</tr>
</tbody>
</table>

$11B$ total addressable market

$5B$
New technology for chronic wound debridement
Targeting a $700M addressable market opportunity

**Market Needs**

- Effective biofilm disruption
- Faster wound bed preparation
- Safe and gentle debridement

**3M Enablers**

- Global adhesives leadership
- Antimicrobial expertise
- Global wound care platform
- Unique manufacturing capability

**3M Solution**

- Novel antimicrobial platform
- Delivery through a variety of form factors
- Immediate, sustained biofilm disruption
- Faster wound healing
- Gentle enough to use on fragile skin

Targeting the 10+ million hard-to-heal wounds impacted by biofilm
Intelligent control inhaler for respiratory disease management
Targeting a $3B addressable market opportunity

**Market Needs**
- Intuitive usability
- Patient feedback
- Consistent drug delivery
- Engagement in self-care
- Monitoring by caregiver/payer

**3M Enablers**
- Innovation track record in inhalation
- Pharmaceutical manufacturing expertise
- Drug agnostic platform

1956
1st press & breathe inhaler

1993
1st breath actuated inhaler

2016
Electronic inhaler with patient app and data transfer

Promotes adherence, connects patients with caregivers to reduce the cost of care
Long history of augmenting our organic growth with acquisitions

- **1983**: Code 3 Corporation
- **1987**: ESPE
- **2001**: Orthodontic products
- **2006**: Dental products
- **2007**: Orthodontic products for developing markets
- **2010**: Computer-assisted coding
- **2012**: IV port access disinfection
- **2014**: Data analytics and business intelligence
- **2015**: Arizant Healthcare
- **1987**: Unitek
- **1987**: Biotrace International
- **2006**: Microbiological food safety testing
- **2010**: Patient warming
Acquisitions combined with organic portfolio accelerate growth

Curos® products sales acceleration in the Vascular Access Care Pathway

3M Vascular Access Portfolio

45%

Growth of Curos® sales since acquisition in 2015
Business Transformation: Redefining the way we serve customers

Engaging Customers
- Increased utilization of inside sales force and deployment of one global CRM
- Execution of digital marketing and social media campaigns

Educating Customers
- In 2015, more than 285,000 professionals educated onsite or online through the 3M™ Health Care Academy

Regulatory & Quality
- Continued investment, expansion and enhancement of global quality management systems to ensure ongoing compliance in a rapidly changing regulatory landscape

Operational Excellence
- Leverage Lean Six Sigma
- Drive global footprint optimization
Agenda

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EFFICIENT GROWTH

Organic Growth
Drive organic growth of 4-6%, 2016-2020

Invest in Commercialization
Increase sales coverage
Invest in clinical and health economics studies

Active Portfolio Management
Acquire to accelerate organic growth
Maximize growth for the highest value product categories

Sustainable Solutions
Drive sustainability to create value for our customers

Build people and organizational capabilities
Organic growth: winning in the largest geographies

**USA**
'12-'15 CAGR of 4.5%
- Increase customer relevance through new product launches
- Increase coverage across the continuum of care
- Win in healthcare information technology

**EMEA**
'12-'15 CAGR of 2.3%
- Drive highest growth potential portfolio
- Advance market access
- Increase sales, marketing and R&D effectiveness

**CHINA/HK**
'12-'15 CAGR of 12.8%
- Expand sales and marketing coverage
- Advance market access
- Increase commercialization efficiency

Note: 2012-2015 CAGRs are organic local currency revenue growth
Sustainability is core to our solutions

- Key strategies focused on:
  - Innovating to advance the industry
  - Delivering excellence in operations
  - Enriching our community

- Established the first ever customer-focused Health Care Sustainability Leadership Summit in 2015
  - Next summit September 15, 2016
A successful, growing business in the healthcare industry

With significant opportunities for accelerated growth globally

Trusted partner to our customers

Committed to continued innovation to advance the practice of care

All around the world, with a strong global footprint

3M Innovation Improving Every Life