

3M Reports Third-Quarter 2018 Results

Third-Quarter Highlights:

- Sales of **\$8.2 billion**, down **0.2 percent year-on-year**
- **Organic local-currency sales growth of 1.3 percent**
- **GAAP EPS of \$2.58 vs. \$2.33 last year, up 10.7 percent year-on-year**
- **Returned \$1.9 billion to shareholders via dividends and gross share repurchases**

ST. PAUL, Minn. – Oct. 23, 2018 – 3M (NYSE: MMM) today reported third-quarter 2018 results.

“In the third quarter, 3M delivered a double-digit increase in cash flow and earnings-per-share, along with strong margins despite slower growth,” said Mike Roman, 3M chief executive officer. “We also continued to deploy capital to invest in our future and return cash to our shareholders.

“Through nine months of the year, our global team posted organic growth of more than 3 percent, and we are positioned to deliver a solid 2018,” Roman continued. “Going forward, we remain focused on innovating for our customers and driving growth, while continuing to transform our enterprise.”

Third-quarter sales were \$8.2 billion with organic local-currency sales up 1.3 percent while acquisitions, net of divestitures, increased sales by 0.2 percent. Foreign currency translation decreased sales by 1.7 percent year-on-year.

Total sales grew 7.0 percent in Safety and Graphics; Industrial was flat; sales declined 2.8 percent in Health Care, 3.4 percent in Consumer and 4.8 percent in Electronics and Energy. Organic local-currency sales increased 2.3 percent in Electronics and Energy, 2.2 percent in Industrial, and 2.2 percent in Safety and Graphics; organic local-currency sales declined 1.1 percent in Health Care and 2.0 percent in Consumer.

On a geographic basis, total sales grew 1.6 percent in Asia Pacific and 1.3 percent in the U.S.; total sales declined 3.9 percent in EMEA (Europe, Middle East and Africa) and 5.5 percent in Latin America/Canada. Organic local-currency sales increased 3.2 percent in Asia Pacific, 2.1 percent in Latin America/Canada, and 0.5 percent in the U.S.; organic local-currency sales declined 0.9 percent in EMEA.

Third-quarter GAAP earnings were \$2.58 per share, an increase of 10.7 percent year-over-year. Operating income was \$2.0 billion with operating margins of 24.7 percent.

The company’s operating cash flow was \$2.1 billion, contributing to conversion of 114 percent of net income to free cash flow, as referenced in the “Supplemental Financial Information Non-GAAP Measures” section.

3M paid \$794 million in cash dividends to shareholders and repurchased \$1.1 billion of its own shares during the quarter.

The company updated its 2018 GAAP earnings expectations to be in the range of \$8.78 to \$8.93 per share versus \$9.08 to \$9.38 previously. Excluding the full-year impacts from the communication

markets business divestiture gain and related actions, a first-quarter legal settlement, and the Tax Cuts and Jobs Act-related expense, 3M now expects its adjusted 2018 earnings to be in the range of \$9.90 to \$10.00 per share versus prior expectation of \$10.20 to \$10.45. The update to the ranges reflects an estimated full-year earnings headwind of \$0.05 per share from foreign currency versus a prior expectation of a benefit of \$0.10 per share.

3M also updated its full-year organic local-currency sales growth guidance to approximately 3 percent from 3 to 4 percent and free cash flow conversion to 90 to 95 percent from 90 to 100 percent, as referenced in the “Supplemental Financial Information Non-GAAP Measures” section.

Third-Quarter Business Group Discussion

Industrial

- Sales were \$3.0 billion, flat in U.S. dollars. Organic local-currency sales increased 2.2 percent, foreign currency translation decreased sales by 2.1 percent, and divestitures decreased sales by 0.1 percent.
- On an organic local-currency basis:
 - Sales growth was led by advanced materials, automotive and aerospace, and industrial adhesives and tapes; automotive aftermarket declined.
 - Sales grew in all geographic areas led by Asia Pacific and the U.S.
- Operating income was \$667 million, a decrease of 0.7 percent year-on-year; operating margins were 22.1 percent.

Safety and Graphics

- Sales were \$1.7 billion, up 7.0 percent in U.S. dollars. Organic local-currency sales increased 2.2 percent, foreign currency translation decreased sales by 2.2 percent, and acquisitions, net of divestitures, increased sales by 7.0 percent.
- On an organic local-currency basis:
 - Sales grew in personal safety, transportation safety, and commercial solutions; roofing granules declined.
 - Sales grew in all geographic areas led by Asia Pacific and the U.S.
- Operating income was \$412 million, up 0.4 percent year-on-year; operating margins were 24.8 percent.

Health Care

- Sales were \$1.4 billion, down 2.8 percent in U.S. dollars. Organic local-currency sales decreased 1.1 percent and foreign currency translation decreased sales by 1.7 percent.
- On an organic local-currency basis:
 - Sales grew in food safety, health information systems, and oral care; drug delivery declined.
 - Sales grew in Asia Pacific and Latin America/Canada; sales declined in EMEA and the U.S.
- Operating income was \$446 million, a decrease of 4.4 percent year-on-year; operating margins were 30.9 percent.

Electronics and Energy

- Sales were \$1.4 billion, down 4.8 percent in U.S. dollars. Organic local-currency sales increased 2.3 percent, foreign currency translation decreased sales by 1.0 percent and divestitures decreased sales by 6.1 percent.
- On an organic local-currency basis:
 - Energy-related sales grew by 6 percent; electronics-related sales grew 1 percent.
 - Sales grew in the U.S., Asia Pacific, and Latin America/Canada; sales declined in EMEA.
- Operating income was \$457 million, an increase of 6.2 percent year-on-year; operating margins were 31.7 percent.

Consumer

- Sales were \$1.2 billion, down 3.4 percent in U.S. dollars. Organic local-currency sales decreased 2.0 percent and foreign currency translation decreased sales by 1.4 percent.
- On an organic local-currency basis:
 - Sales grew in home improvement; stationery and office supplies, home care, and consumer health care declined.
 - Sales grew in Latin America/Canada; the U.S., EMEA, and Asia Pacific declined.
- Operating income was \$291 million, down 6.7 percent year-on-year; operating margins were 23.5 percent.

3M will conduct an investor teleconference at 9:00 a.m. EDT (8:00 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 21863183). The telephone replay will be available until 11:30 a.m. EDT (10:30 a.m. CDT) on Oct. 31, 2018.

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, and capital markets 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) the Company's credit ratings and its cost of capital; (3) competitive conditions and customer preferences; (4) foreign currency exchange rates and fluctuations in those rates; (5) the timing and market acceptance of new product offerings; (6) 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); (7) 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; (8) generating fewer productivity improvements than estimated; (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) financial market risks that may affect the Company's funding obligations under defined benefit pension and postretirement plans; and (11) 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, 2017, and any subsequent quarterly reports on Form 10-Q (the "Reports"). 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 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.

3M Company and Subsidiaries
CONSOLIDATED STATEMENT OF INCOME
(Millions, except per-share amounts)
(Unaudited)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Net sales	\$ 8,152	\$ 8,172	\$ 24,820	\$ 23,667
Operating expenses				
Cost of sales	4,159	4,059	12,622	11,961
Selling, general and administrative expenses	1,547	1,637	5,920	4,871
Research, development and related expenses	430	468	1,384	1,422
Gain on sale of businesses	—	—	(530)	(490)
Total operating expenses	<u>6,136</u>	<u>6,164</u>	<u>19,396</u>	<u>17,764</u>
Operating income	<u>2,016</u>	<u>2,008</u>	<u>5,424</u>	<u>5,903</u>
Other expense (income), net	<u>51</u>	<u>11</u>	<u>144</u>	<u>27</u>
Income before income taxes	1,965	1,997	5,280	5,876
Provision for income taxes	<u>419</u>	<u>564</u>	<u>1,266</u>	<u>1,532</u>
Net income including noncontrolling interest	<u>\$ 1,546</u>	<u>\$ 1,433</u>	<u>\$ 4,014</u>	<u>\$ 4,344</u>
Less: Net income attributable to noncontrolling interest	<u>3</u>	<u>4</u>	<u>12</u>	<u>9</u>
Net income attributable to 3M	<u>\$ 1,543</u>	<u>\$ 1,429</u>	<u>\$ 4,002</u>	<u>\$ 4,335</u>
Weighted average 3M common shares outstanding – basic	585.6	597.6	591.1	597.9
Earnings per share attributable to 3M common shareholders – basic	<u>\$ 2.64</u>	<u>\$ 2.39</u>	<u>\$ 6.77</u>	<u>\$ 7.25</u>
Weighted average 3M common shares outstanding – diluted	598.4	612.7	605.1	612.5
Earnings per share attributable to 3M common shareholders – diluted	<u>\$ 2.58</u>	<u>\$ 2.33</u>	<u>\$ 6.61</u>	<u>\$ 7.08</u>
Cash dividends paid per 3M common share	<u>\$ 1.36</u>	<u>\$ 1.175</u>	<u>\$ 4.08</u>	<u>\$ 3.525</u>

As discussed in note (c), results of operations for the first quarter of 2018 were impacted by an \$897 million pre-tax charge related to settlement of a previously disclosed lawsuit with the State of Minnesota and a \$217 million measurement period adjustment relative to the accounting for the 2017 enactment of the Tax Cuts and Jobs Act. Results of operations for the second quarter of 2018 reflected the net \$389 million pre-tax impact of the Communication Markets divestiture gain, net of restructuring actions. In addition, as discussed in 3M's Form 8-K dated May 8, 2018, (which updated 3M's 2017 Annual Report on Form 10-K) the Company adopted Accounting Standards Update (ASU) No. 2017-07 relative to the presentation of pension and postretirement benefit costs in the first quarter of 2018 with retroactive impact to prior periods.

3M Company and Subsidiaries
CONDENSED CONSOLIDATED BALANCE SHEET
(Dollars in millions)
(Unaudited)

	September 30, 2018	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,185	\$ 3,053
Marketable securities – current	338	1,076
Accounts receivable – net	5,329	4,911
Inventories	4,437	4,034
Prepays	745	937
Other current assets	385	266
Total current assets	<u>14,419</u>	<u>14,277</u>
Property, plant and equipment – net	8,630	8,866
Goodwill and intangible assets – net	12,849	13,449
Other assets	1,377	1,395
Total assets	<u>\$ 37,275</u>	<u>\$ 37,987</u>
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings and current portion of long-term debt	\$ 1,307	\$ 1,853
Accounts payable	2,029	1,945
Accrued payroll	783	870
Accrued income taxes	186	310
Other current liabilities	3,031	2,709
Total current liabilities	<u>7,336</u>	<u>7,687</u>
Long-term debt	13,539	12,096
Other liabilities	6,089	6,582
Total liabilities	<u>\$ 26,964</u>	<u>\$ 26,365</u>
Total equity	\$ 10,311	\$ 11,622
Shares outstanding		
September 30, 2018: 582,287,135 shares		
December 31, 2017: 594,884,237 shares		
Total liabilities and equity	<u>\$ 37,275</u>	<u>\$ 37,987</u>

3M Company and Subsidiaries
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(Dollars in millions)
(Unaudited)

	Nine months ended	
	September 30,	
	2018	2017
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 4,181	\$ 4,380
Cash flows from investing activities:		
Purchases of property, plant and equipment	(1,046)	(914)
Acquisitions, net of cash acquired	13	(12)
Purchases and proceeds from sale or maturities of marketable securities and investments – net	714	(310)
Proceeds from sale of businesses, net of cash sold	806	862
Other investing activities	151	20
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	638	(354)
Cash flows from financing activities:		
Change in debt	1,093	(590)
Purchases of treasury stock	(3,601)	(1,564)
Proceeds from issuances of treasury stock pursuant to stock option and benefit plans	401	582
Dividends paid to shareholders	(2,406)	(2,104)
Other financing activities	(36)	(23)
NET CASH USED IN FINANCING ACTIVITIES	(4,549)	(3,699)
Effect of exchange rate changes on cash and cash equivalents	(138)	106
Net increase (decrease) in cash and cash equivalents	132	433
Cash and cash equivalents at beginning of year	3,053	2,398
Cash and cash equivalents at end of period	\$ 3,185	\$ 2,831

3M Company and Subsidiaries
SUPPLEMENTAL FINANCIAL INFORMATION
NON-GAAP MEASURES
(Dollars in millions, except full-year 2018 forecast)
(Unaudited)

<u>Major GAAP Cash Flow Categories</u>	<u>Three months ended</u> <u>September 30,</u>		<u>Nine months ended</u> <u>September 30,</u>		<u>Full-Year 2018</u> <u>Forecast</u> <u>(Billions)</u>
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
Net cash provided by operating activities	\$ 2,139	\$ 1,750	\$ 4,181	\$ 4,380	
Net cash provided by (used in) investing activities	(269)	(781)	638	(354)	
Net cash used in financing activities	(1,453)	(843)	(4,549)	(3,699)	
<u>Free Cash Flow (non-GAAP measure)</u>					
Net cash provided by operating activities	\$ 2,139	\$ 1,750	\$ 4,181	\$ 4,380	\$6.4 to \$6.8
Purchases of property, plant and equipment	(377)	(325)	(1,046)	(914)	(\$1.6)
Free cash flow (a)	<u>1,762</u>	<u>1,425</u>	<u>3,135</u>	<u>3,466</u>	<u>\$4.8 to \$5.2</u>
Net income attributable to 3M	\$ 1,543	\$ 1,429	\$ 4,002	\$ 4,335	\$5.3 to \$5.5
Free cash flow conversion (a)	114 %	100 %	78 %	80 %	90% to 95%

- (a) Free cash flow and free cash flow conversion are not defined under U.S. generally accepted accounting principles (GAAP). Therefore, they should not be considered a substitute for income or cash flow data prepared in accordance with U.S. GAAP and may not be comparable to similarly titled measures used by other companies. The Company defines free cash flow as net cash provided by operating activities less purchases of property, plant and equipment. It should not be inferred that the entire free cash flow amount is available for discretionary expenditures. The Company defines free cash flow conversion as free cash flow divided by net income attributable to 3M. The Company believes free cash flow and free cash flow conversion are meaningful to investors as they function as useful measures of performance and the Company uses these measures as an indication of the strength of the company and its ability to generate cash.

<u>Net Debt (non-GAAP measure)</u>	<u>September 30,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>
Total debt	\$ 14,846	\$ 13,949
Less: Cash, cash equivalents and marketable securities	<u>3,550</u>	<u>4,156</u>
Net debt (b)	\$ 11,296	\$ 9,793

- (b) Net debt is not defined under U.S. GAAP and may not be computed the same as similarly titled measures used by other companies. The Company defines net debt as total debt less the total of cash, cash equivalents and current and long-term marketable securities. 3M believes net debt is meaningful to investors as 3M considers net debt and its components to be an important indicator of liquidity and a guiding measure of capital structure strategy.

3M Company and Subsidiaries
SUPPLEMENTAL FINANCIAL INFORMATION
NON-GAAP MEASURES – (CONTINUED)
(Dollars in billions, except per share amounts)
(Unaudited)

<u>Adjusted income, earnings per share, & effective tax rate (non-GAAP measures)</u>	Estimated Full-Year 2018					<u>Adjusted Non-GAAP Measure^(c)</u>
	<u>GAAP Measure</u>	<u>Adjustment for Measurement Period Accounting of TCJA</u>	<u>Adjustment for MN NRD Resolution</u>	<u>Adjustment for Communication Markets Division Divestiture, Net of Related Restructuring Actions</u>	<u>Adjusted Non-GAAP Measure^(c)</u>	
Income before taxes	\$ 7.0 to 7.1	\$ —	\$ 0.9	\$ (0.4)	\$ 7.5 to 7.6	
Provision for income taxes	\$ 1.6 to 1.7	\$ (0.2)	\$ 0.2	\$ (0.1)	\$ 1.5 to 1.6	
Effective tax rate	23 to 25 %				20 to 21 %	
Net income attributable to 3M	\$ 5.3 to 5.5	\$ 0.2	\$ 0.7	\$ (0.3)	\$ 5.9 to 6.1	
Earnings per diluted share	\$ 8.78 to 8.93	\$ 0.36	\$ 1.16	\$ (0.40 - 0.45)	\$ 9.90 to 10.00	

(c) In February 2018, 3M reached an agreement with the State of Minnesota that resolved the previously disclosed Natural Resource Damages (NRD) lawsuit filed by the State against the Company related to certain PFCs present in the environment. Under the terms of the settlement, 3M agreed to provide an \$850 million grant to the State for a special “3M Water Quality and Sustainability Fund.” This Fund will enable projects that support water sustainability in the Twin Cities East Metro region, such as continued delivery of water to residents and enhancing groundwater recharge to support sustainable growth. The projects will also result in habitat and recreation improvements, such as fishing piers, trails, and open space preservation. 3M recorded a pre-tax charge of \$897 million, inclusive of legal fees and other related obligations, in the first quarter of 2018 associated with the resolution of this matter. Also during the first quarter of 2018, 3M recorded a tax expense of \$217 million related to a measurement period adjustment to the provisional amounts recorded in December 2017, from the enactment of the Tax Cuts and Jobs Act (TCJA). 3M’s provisional accounting continues to be subject to adjustment during the measurement period of up to one year following the December 2017 enactment of TCJA. In the second quarter of 2018, 3M completed the sale of substantially all of its Communication Markets Division and reflected a pre-tax gain of \$494 million as a result of this divestiture. During the second quarter of 2018, management approved and committed to undertake certain restructuring actions related to addressing corporate functional costs following the Communication Markets Division divestiture. These actions resulted in a second quarter 2018 pre-tax charge of \$105 million.

In addition to providing full-year estimated 2018 financial results in accordance with U.S. GAAP, the Company also provides non-GAAP measures that adjust for the impacts of the NRD resolution, measurement period adjustment to the impact of enactment of the TCJA, and the impact of the Communication Markets Division divestiture gain, net of restructuring actions. These items represent significant charges/benefits that impacted the Company’s financial results. Income before taxes, provision for income taxes, net income, earnings per share, and the effective tax rate are all measures for which 3M provides the estimated GAAP measure and an adjusted measure. The adjusted measures are not in accordance with, nor are they a substitute for, GAAP measures. The Company considers these non-GAAP measures in evaluating and managing the Company’s operations. The Company believes that discussion of results adjusted for this item is meaningful to investors as it provides a useful analysis of ongoing underlying operating trends. The determination of these items may not be comparable to similarly titled measures used by other companies.

3M Company and Subsidiaries
SALES CHANGE ANALYSIS (d)
(Unaudited)

Three months ended September 30, 2018					
Sales Change Analysis By Geographic Area	United States	Asia- Pacific	Europe, Middle East and Africa	Latin America/ Canada	World- Wide
Volume – organic	(0.9)%	3.0 %	(2.5)%	(0.1)%	0.1 %
Price	1.4	0.2	1.6	2.2	1.2
Organic local-currency sales	0.5	3.2	(0.9)	2.1	1.3
Acquisitions	2.3	0.5	2.9	0.8	1.7
Divestitures	(1.5)	(0.6)	(2.9)	(1.5)	(1.5)
Translation	—	(1.5)	(3.0)	(6.9)	(1.7)
Total sales change	1.3 %	1.6 %	(3.9)%	(5.5)%	(0.2)%

Three months ended September 30, 2018					
Worldwide Sales Change By Business Segment	Organic local- currency sales	Acquisitions	Divestitures	Translation	Total sales change
Industrial	2.2 %	— %	(0.1)%	(2.1)%	— %
Safety and Graphics	2.2	8.9	(1.9)	(2.2)	7.0
Health Care	(1.1)	—	—	(1.7)	(2.8)
Electronics and Energy	2.3	—	(6.1)	(1.0)	(4.8)
Consumer	(2.0)	—	—	(1.4)	(3.4)
Total Company	1.3 %	1.7 %	(1.5)%	(1.7)%	(0.2)%

Nine months ended September 30, 2018					
Sales Change Analysis By Geographic Area	United States	Asia- Pacific	Europe, Middle East and Africa	Latin America/ Canada	World- Wide
Volume – organic	1.6 %	4.4 %	0.2 %	2.1 %	2.3 %
Price	1.1	0.2	1.6	1.7	1.0
Organic local-currency sales	2.7	4.6	1.8	3.8	3.3
Acquisitions	2.6	0.6	3.0	0.9	1.9
Divestitures	(1.4)	(0.6)	(2.4)	(1.4)	(1.4)
Translation	—	1.8	4.0	(2.8)	1.1
Total sales change	3.9 %	6.4 %	6.4 %	0.5 %	4.9 %

Nine months ended September 30, 2018					
Worldwide Sales Change By Business Segment	Organic local- currency sales	Acquisitions	Divestitures	Translation	Total sales change
Industrial	3.4 %	— %	(0.1)%	1.3 %	4.6 %
Safety and Graphics	5.8	9.8	(4.2)	1.2	12.6
Health Care	1.7	0.1	—	1.2	3.0
Electronics and Energy	3.0	—	(3.2)	1.0	0.8
Consumer	1.3	—	—	0.5	1.8
Total Company	3.3 %	1.9 %	(1.4)%	1.1 %	4.9 %

- (d) Total sales change is calculated based on reported sales results. The components of sales change include organic local-currency sales, acquisitions, divestitures, and translation. Organic local-currency sales includes both organic volume impacts (which excludes acquisition and divestiture impacts), plus selling price changes. Acquisition and divestiture impacts are measured separately for the first 12 months post-transaction.

3M Company and Subsidiaries
BUSINESS SEGMENTS
(Dollars in millions)
(Unaudited)

As part of 3M's continuing effort to improve the alignment of its businesses around markets and customers, the Company made the following changes, effective in the first quarter of 2018, and other revisions impacting business segment reporting:

Consolidation of customer account activity within international countries – expanding dual credit reporting

- The Company consolidated its customer account activity in each country into centralized sales districts for certain countries that make up approximately 70 percent of 3M's 2017 international net sales. Expansion of these initiatives, which previously had been deployed only in the U.S., reduces the complexity for customers when interacting with multiple 3M businesses. 3M business segment reporting measures include dual credit to business segments for certain sales and related operating income. This dual credit is based on which business segment provides customer account activity with respect to a particular product sold in a specific country. The expansion of alignment of customer accounts within additional countries increased the attribution of dual credit across 3M's business segments. Additionally, certain sales and operating income results for electronic bonding product lines that were previously equally divided between the Electronics and Energy business segment and the Industrial business segment are now reported similarly to dual credit.

Centralization of manufacturing and supply technology platforms

- Certain shared film manufacturing and supply technology platform resources formerly reflected within the Electronics and Energy business segment were combined with other shared and centrally managed material resource centers of expertise within Corporate and Unallocated.

In addition, 3M adopted ASU No. 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, effective Jan. 1, 2018, on a retrospective basis. As a result, operating income for 3M's business segments has been revised to reflect non-service cost components of pension and postretirement net periodic benefit costs within other expense (income) net.

The financial information presented herein reflects the impact of the preceding changes for all periods presented. Refer to 3M's Current Report on Form 8-K furnished on March 15, 2018, for additional supplemental unaudited historical business segment net sales and operating income information. In addition, these business segment changes were reflected in 3M's Current Report on Form 8-K dated May 8, 2018, (which updated 3M's 2017 Annual Report on Form 10-K) and 3M's Quarterly Report on Form 10-Q for the periods ended March 31, 2018, and June 30, 2018.

BUSINESS SEGMENT INFORMATION NET SALES (Millions)	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
	Industrial	\$ 3,023	\$ 3,023	\$ 9,315
Safety and Graphics	1,660	1,551	5,258	4,670
Health Care	1,445	1,485	4,501	4,369
Electronics and Energy	1,443	1,515	4,130	4,096
Consumer	1,235	1,279	3,585	3,521
Corporate and Unallocated	35	3	47	6
Elimination of Dual Credit	(689)	(684)	(2,016)	(1,900)
Total Company	\$ 8,152	\$ 8,172	\$ 24,820	\$ 23,667

BUSINESS SEGMENT INFORMATION OPERATING INCOME (Millions)	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
	Industrial	\$ 667	\$ 672	\$ 2,110
Safety and Graphics	412	411	1,375	1,661
Health Care	446	467	1,341	1,304
Electronics and Energy	457	430	1,659	1,011
Consumer	291	311	770	732
Corporate and Unallocated (e)	(77)	(112)	(1,329)	(256)
Elimination of Dual Credit	(180)	(171)	(502)	(459)
Total Company	\$ 2,016	\$ 2,008	\$ 5,424	\$ 5,903

- (e) Corporate and Unallocated operating income was impacted of certain restructuring actions related to addressing corporate functional costs following the Communication Markets Division divestiture recorded in the second quarter of 2018. These actions, in addition to the legal settlement recorded in the first quarter of 2018, impacted operating income for the first nine months of 2018, as further discussed in note (c).

About 3M

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