Slide 1, Cover Page

Slide 2, Upcoming Investor Events
Bruce Jermeland, Director of Investor Relations

Thank you and good morning everyone. Welcome to our third quarter 2018 business review.

With me today are Mike Roman, 3M’s chief executive officer, and Nick Gangestad, our chief financial officer. Mike and Nick will make some formal comments and then we’ll take your questions.

Please note that today’s earnings release and slide presentation accompanying this call are posted on our investor relations website at 3M.com under the heading ‘quarterly earnings’.

Before we begin, let me remind you of the dates for our upcoming investor events found on slide two.

First, we will be hosting an investor day at our headquarters in St. Paul, Minnesota in a few weeks with a welcome reception the evening of Wednesday, November 14th, where we will be highlighting how 3M Science is advancing our priority markets for growth, along with a formal presentation program on Thursday, November 15th. The presentations will discuss our new 5-year plan along with a preview of our 2019 outlook. If you plan to attend the event and have not yet responded, please RSVP right away.

Second, our Q4 earnings conference call will take place on Tuesday, January 29th, 2019.

Slide 3, Forward Looking Statement
Bruce Jermeland

Please take a moment to read the forward-looking statement on slide three. During today’s conference call, we will make certain predictive statements that reflect our current views about 3M’s future performance and financial results. These statements are based on certain assumptions and expectations of future events that are subject to risks and uncertainties. Item 1A of our most recent form 10K lists some of the most important risk factors that could cause actual results to differ from our predictions.

Please note that throughout today’s presentation we will be making references to certain non-GAAP financial measures. Reconciliations of the non-GAAP measures can be found in the appendixes of today’s presentation and press release.

Please turn to slide four and I will hand off to Mike.

Mike.
Thank you, Bruce.

Good morning, everyone, and thank you for joining us.

In the third quarter, 3M delivered a double-digit increase in cash flow and earnings-per-share, along with strong margins, despite slower growth.

We also continued to execute on business transformation, while deploying capital to invest in our future and return cash to our shareholders.

Looking at the numbers, our team posted total sales of $8.2 billion in the quarter.

We delivered organic growth of 1 percent which is on top of 7 percent growth in last year’s third quarter.

As you recall from the discussion on our July earnings call our ERP rollout in the U.S. resulted in revenue shifting between Q2 and the second half of the year.

Today, we estimate the pull-forward into Q2 was approximately 100 basis points with the vast majority coming out of Q3.

Moving onto earnings-per-share, we posted EPS of $2.58 an increase of 11 percent year-over-year.

Our company continues to deliver a strong return on invested capital, along with premium margins.

Companywide, we generated margins of 25 percent with all business groups above 22 percent.

Our team also increased free cash flow by 24 percent year-over-year with a conversion rate of 114 percent.

This is a testament to the strength of our portfolio and business model and our focus on driving productivity every day.

We also continue to invest in R&D and capital to support organic growth, while returning cash to our shareholders.

And in the quarter, we returned $1.9 billion to 3M shareholders through both dividends and share repurchases.

Please turn to slide 5 for a look at the performance of our business groups for both the third quarter, and year-to-date.

In the quarter, three of our five business groups – Electronics and Energy, Industrial, and Safety and Graphics – posted organic growth of 2 percent.

Health Care and Consumer each had areas of strength, but also areas that were softer than expected.

Health Care’s growth declined by 1 percent primarily due to continued weakness in our drug delivery business.

Organic growth in Consumer was down 2 percent.
This business group was impacted by channel adjustments between quarters with our major retail customer though the sell out of our products remains strong.

In his comments, Nick will provide more detail on the third-quarter performance of each business group.

Given the shift of sales between quarters due to business transformation, it is also helpful to look at our performance through nine months.

Safety and Graphics posted 6 percent growth, followed by 3 percent growth from both Industrial, and Electronics and Energy.

Health Care posted 2 percent growth, with Consumer at 1 percent.

Companywide, we have delivered organic growth of more than 3 percent year-to-date.

I will come back to share our updated guidance after Nick takes us through the details of the quarter.

Nick.

Slide 6, Q3 2018 Sales Recap
Nick Gangestad, Senior Vice President and Chief Financial Officer

Thank you, Mike, and good morning everyone. Please turn to slide 6.

Sales grew 1.3 percent organically in the third quarter and are up 3.3 percent year-to-date.

Increases in selling prices contributed 120 basis points to sales growth in the quarter with positive price growth across all geographic areas.

The net impact of acquisitions and divestitures contributed 20 basis points to sales growth in the quarter.

Foreign currency translation decreased sales by 1.7 percentage points.

All in, third-quarter sales in U.S. dollars were down 20 basis points versus last year.

In the U.S., organic growth was 0.5 percent with positive growth in Electronics and Energy, Industrial and Safety and Graphics. Q3 organic growth was impacted by the deployment of our new ERP system in the U.S. during the quarter. Year-to-date, organic growth in the U.S. is up 3 percent.

Asia Pacific delivered 3.2 percent organic growth led by Health Care, and Safety and Graphics.

Organic growth was 10 percent in China/Hong Kong while Japan was down 7 percent, or up 1 percent excluding our electronics-related businesses.

Year-to-date, Asia Pacific is up 4.5 percent organically.

EMEA declined 90 basis points in Q3 with West Europe down 2 percent. From a year-to-date standpoint, EMEA is up 2 percent.

Finally, Q3 organic growth in Latin America/Canada was 2.1 percent led by Health Care and Consumer.
At a country level, organic growth in Brazil was 5 percent, Mexico was up 3 percent while Canada was flat.

On a year-to-date basis, Latin America/Canada is up 4 percent organically.

Please turn to slide seven for the third-quarter P&L highlights.

**Slide 7, Q3 2018 P&L Highlights**

**Nick Gangestad**

Companywide, third-quarter sales were $8.2 billion with operating income of $2.0 billion.

Third quarter operating income margins were 24.7 percent, up slightly versus last year.

Let’s take a closer look at the components of our margin performance in the third quarter.

Organic volume, productivity and lower year-on-year portfolio and footprint actions added 70 basis points to margins.

Selling price benefits more than offset raw material inflation which added a net 30 basis points to third quarter margins. For 2018, we now expect full-year raw material headwinds inclusive of tariff impacts of minus $0.15 per share versus a prior range of negative 5 to 10 cents per share. We continue to expect benefits from selling price to more than offset raw material headwinds.

Nearly offsetting these margin benefits during the quarter was a 50 basis point headwind from foreign currency a 30 basis point impact from acquisitions and a 10 basis point headwind from the Q2 divestiture of the Communication Markets business.

Let’s now turn to slide eight for a closer look at earnings per share.

**Slide 8, Q3 2018 EPS**

**Nick Gangestad**

Third-quarter GAAP earnings were $2.58 per share, up 11 percent versus last year.

The benefits of organic growth, productivity and lower year-on-year portfolio and footprint actions added a combined 12 cents to per share earnings in the quarter.

Acquisitions added a penny while the divested income and transition costs from the Communication Markets divestiture were an earnings headwind of $0.03 per share.

Foreign-currency, net of hedging, reduced per share earnings by $0.08 as the U.S. dollar strengthened against many currencies throughout the quarter. For the full-year, we now expect an earnings headwind from foreign currency of minus 5 cents per share versus a prior estimated benefit of 10 cents or a reduction of 15 cents per share versus previous expectations.

Higher year-on-year net interest expense and retirement benefit expense decreased earnings by 5 cents per share.

Our Q3 tax rate was 21.3 percent which increased earnings by 22 cents per share. This earnings benefit was driven primarily by the U.S. tax reform.

Lastly, a reduction in shares outstanding added 6 cents to per share earnings.
Please turn to slide nine for a look at our cash flow performance.

Slide 9, Q3 2018 Cash Flow
Nick Gangestad

As Mike noted, we continue to generate strong operating cash flow allowing us to consistently invest in the business and return cash to shareholders.

Third-quarter free cash flow was $1.8 billion, up 24% year-on-year with a conversion rate of 114 percent.

Third quarter capital expenditures were $377 million, up $52 million year-on-year and we expect these investments to be approximately $1.6 billion for the year.

In addition to investing in our businesses, we returned significant cash to shareholders in Q3 including $794 million in dividends.

We also returned $1.1 billion to shareholders through gross share repurchases.

We continue to expect full-year gross share repurchases to be in the range of $4 to $5 billion.

Let's now review our business group performance, starting with Industrial on slide ten.

Slide 10, Industrial
Nick Gangestad

The Industrial business group delivered third-quarter sales of $3.0 billion, up 2.2 percent organically with growth across all geographic areas.

Our automotive OEM business continues to drive increased penetration across applications such as structural tapes, adhesives, acoustics, light weighting and electronics solutions. Overall, our business was up 5 percent in the quarter compared to global car and light truck builds which were down nearly 2 percent.

The automotive aftermarket business declined low-single digits organically due to softness in the collision repair market.

Our industrial adhesives and tapes business and filtration business were both up low-single digits in the quarter.

Finally, the advanced materials business led the way with double-digit organic growth in the quarter.

On a geographic basis, Industrial’s organic growth was led by a 3 percent increase in Asia Pacific followed by the U.S. up 2 percent.

Industrial delivered third quarter operating income of $667 million, with operating margins of 22.1%.

Please turn to slide eleven.

Slide 11, Safety and Graphics
Nick Gangestad

Safety and Graphics sales were $1.7 billion, up 2.2 percent organically in Q3.
Growth was led by our personal safety business up 5 percent organically on top of a 14 percent increase last year. The integration of Scott Safety is on track and the business continues to exceed our expectations.

Transportation safety grew mid-single digits while commercial solutions was up low-single digits.

Finally, our roofing granules business declined mid-teens as shingle manufacturers slowed production in the quarter.

Geographically, organic growth was led by 5 percent growth in Asia Pacific.

Operating income in the third quarter was $412 million while operating margins were 24.8 percent which includes a 150 basis point headwind from the Scott Safety acquisition.

Please turn to slide twelve.

Slide 12, Health Care
Nick Gangestad

Our Health Care business generated third quarter sales of $1.4 billion, down 1.1 percent organically versus a 7 percent comp last year.

Holding back both third-quarter and full-year organic growth in Health Care has been the continued softness in our drug delivery business which is dependent on pharmaceutical regulatory timelines and customer R&D budgets. This business saw a 25 percent year-on-year decline in Q3 organic growth which negatively impacted overall Health Care organic growth by 250 basis points. While our drug delivery business is experiencing near-term challenges, the pipeline continues to strengthen and we expect the business to stabilize in 2019.

Oral care grew 2 percent organically with improved growth in the U.S. and continued strength in developing markets. Our 3M Clarity clear tray aligners launch is off to a good start as the number of new cases ramp quickly and we expect continued momentum going forward.

Our medical solutions business declined slightly against a strong comp of 7 percent from a year ago. Through nine months, this business was up 3 percent with particular strength in vascular access and advanced wound care solutions.

Food safety continued to deliver strong organic growth in the quarter up high-single digits while health information systems grew mid-single digits.

On a geographic basis, Asia Pacific led the way, up 10 percent with Latin America/Canada up 4 percent. EMEA was down slightly while the U.S declined mid-single digits primarily due to last year's strong comp.

Health Care’s third quarter operating income was $446 million, and operating margins were nearly 31 percent.

Next, let’s cover Electronics and Energy on slide thirteen.

Slide 13, Electronics and Energy
Nick Gangestad

Electronics and Energy organic sales growth was 2.3 percent in the third quarter. Sales were $1.4 billion.

The electronics side of the business grew 1 percent led by a mid-single digit increase in electronics materials solutions. This business continues to experience strong demand, particularly in the semiconductor and data center
markets. In addition, we continue to see our content per mobile device grow globally as we apply 3M science to the advancement of this market.

Our energy-related businesses were up over 6 percent organically with strong growth in renewable energy and pipe coating solutions.

On a geographic basis, the U.S. was up 5 percent while both Asia Pacific and Latin America/Canada were up low-single digits.

Third-quarter operating income for Electronics and Energy was $457 million with operating margins of 31.7 percent.

Please turn to slide fourteen.

**Slide 14, Consumer**
**Nick Gangestad**

Third-quarter sales in Consumer were $1.2 billion, and organic growth declined 2 percent year-on-year.

Our home improvement business grew low-single digits organically while the other three businesses each declined in the quarter.

Looking at Consumer geographically, organic growth was led by a 5 percent increase in Latin America/Canada.

The U.S. was down slightly impacted by our Q3 ERP roll-out. We continue to see strong consumer demand for our products with mid-single digit point-of-sale growth.

EMEA declined mid-single digits as we have been actively managing our product portfolio.

Lastly, Asia Pacific declined 7 percent as we have seen lower channel demand for our consumer respiratory solutions.

Third quarter operating income was $291 million, with operating margins of 23.5 percent.

That wraps up our review of third-quarter results please turn to slide fifteen, and I’ll hand it back over to Mike to review our updated 2018 guidance.

**Slide 15, 2018 Planning Estimates**
**Michael Roman**

Thank you, Nick.

With three quarters behind us, we are updating our guidance for the full year.

We now anticipate organic growth of approximately 3 percent versus a prior range of 3 to 4 percent.

With respect to earnings, we expect adjusted EPS in the range of $9.90 to $10.00 against a previous range of $10.20 to $10.45.
Our change in EPS guidance is largely due to three factors: our updated growth expectations along with our updated guidance for currency and raw materials, that Nick mentioned earlier.

Looking at the remainder of 2018 and beyond, we know there’s a lot more we can and will do to deliver for our customers and shareholders.

Going forward, we are focused on driving growth, being relentless in putting our customers first, and continuing to transform 3M to deliver greater productivity.

This means we will continue to work to optimize our portfolio prioritizing resources to our most attractive opportunities.

We will strengthen our innovation model and continue to invest in research and development which enables us to create unique solutions that advance, enhance and improve outcomes for our customers.

In addition, we will continue to invest in high-growth, high-value product platforms such as automotive electrification, advanced wound care and data centers.

We will also step up our efforts to fully leverage the progress we’ve made on business transformation.

With our most recent deployment in the United States, we have now successfully deployed 70 percent of our global revenue on the new ERP system.

I am pleased with the success of our rollouts in Europe and the U.S. This was a significant undertaking, and I thank our team for their tireless efforts.

Moving ahead, we will be able to focus even more on leveraging the power of business transformation to improve service levels to our customers, improve productivity, and accelerate value realization.

And at our Investor Day next month, we look forward to sharing more details about our plans.

With that, we thank you for your attention and will now take your questions.

*Slide 16, Q&A*

Conclude and Sign-off

Mike Roman

In summary, our third quarter included good performances in many respects including double-digit increases in cash flow and EPS, along with strong margins.

As I look across our portfolio, most of our businesses continue to do well but there are also areas that we must work to improve.

Looking ahead how we allocate capital and continue to reshape our portfolio are keys to delivering even greater value, to both our customers and shareholders.

These are strengths of 3M and will continue to be priorities for us moving forward.

Thank you again for joining us this morning, and we look forward to seeing you in St. Paul in a few weeks.

Have a good day.