3M China Overview

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Agenda

• The attractive China opportunity
• How our Playbook is helping us win in China
• Our 2018 outlook for China
3M and China: A brief overview

Strong platform for growth

China
• Second largest economy in the world
• World’s biggest exporter
• 1.4 billion population
• $12 trillion GDP in 2016
• Home to 109 companies in Fortune 500
• Largest eCommerce market globally

3M
• Established in 1984, first foreign owned enterprise outside Shenzhen
• $3.2 billion sales (2017e)
• ~6,000 employees
• Headquartered in Shanghai
• Home to one of four global research labs
• Nine manufacturing sites
China: a large and dynamic market

A Large Market

- 1/2 of global eCommerce retail sales
- >85% of the world’s PC and smartphone capacity
- #1 vehicle producer in the world
- 1/3 of world’s hospital beds
- 2x U.S. expenditure growth

A Dynamic Market

- Advancing Manufacturing toward 2025
- Safety & Sustainability Awakening
- Digital Transformation
- Consumption Explosion

Source: eMarketer, European Chamber, IHS, WHO, NBS, EIU, Team analysis

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Growing and transitioning with China

Development of 3M China

- **80s – 90s** “Standing Up”
- **Early 2000s** Joining the WTO
- **~2010** Globalizing
- **2017e 3M China Sales Breakdown** ($ Billion)
  - CONSUMER / HEALTH CARE: $1.0
  - SAFETY & GRAPHICS: $0.5
  - INDUSTRIAL: $1.2
  - ELECTRONICS & ENERGY: $0.5

Development of China’s economy

- Infrastructure
- Manufacturing
- Safety
- Retail
- Health Care
The 3M Playbook

Our Vision

3M Technology Advancing Every Company

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: Inventigate Existing Market Opportunities and Focus on Emerging Megatrends

Our Code of Conduct

Code of Conduct

Be Good  Be Honest  Be Fair

Our Leadership Behaviors

- Lead with Integrity and Transparency
- Prioritize and execute
- Resolve conflict and breakdown
- Develop others and tend well

Portfolio Management
Investing in Innovation
Business Transformation
How we win in China with our Playbook

1) Helping companies in China win
   • Enabling better products from our customers
   • Improving their global competitiveness

2) Serving Chinese consumers
   • Providing products consumers want & need
   • Building a strong meaningful brand

3) Advancing the development of China
   • Solving local needs with our local capability
   • Maintaining flexibility with a diverse portfolio
Portfolio Management

Gain profitable share

- Building scale in domestic oriented businesses
- Focusing on megatrends meaningful to China
- Driving innovation leadership in the heart of the industrial and electronics market
Building strong domestic-oriented businesses

- Increase $ per unit
- Launch megatrend products
- Improve Chinese quality

- Lead standard setting
- Provide education
- Increase local capability

- Broaden coverage
- Educate and train
- Deepen relevancy at key accounts

- Build meaningful brands
- Lead in digital
- Develop products to improve lives

Automotive

Safety

Health Care

Retail
Megatrends meaningful to China
Providing more growth platforms for the future

**Air Quality**
Winning with our technology and trusted brand

**Auto Electrification**
Leveraging auto and electronic expertise to lead a disruption

**Water / Food Safety**
Building awareness and developing new solutions

**Automation / Robotics**
Enabling a more productive China through automation

Aligning to safety, sustainability, and productivity megatrends
3M protecting every breath
A powerful brand position in Air Quality
Advancing the large Industrial & Electronics markets
Advancing the “factory to the world”

Assembly Solutions
- Improving adhesive and bonding techniques
- Increasing performance and productivity

Manufacturing Productivity
- Advancing productivity of grinding and polishing applications
- Reaching a diverse set of end user markets across China

Electronics Innovation
- Deep consumer insight and fast commercialization
- Solving a growing industry’s most difficult challenges
Investing in Innovation
3M innovation creating value for our customers

- Home to one of four global research labs, four technical centers and 600+ scientists
- Leading global research and development around priority technology platforms
- Engaging with customers to solve their biggest innovation challenges
R&D and technical centers across China

Northwest Research Partnership

North China Technical Center

Suzhou Technical Center

West China Technical Center

South China Technical Center

Shanghai Global Research Lab
Connecting customer needs with technical expertise

Noise absorption testing center

Fall protection center

Robotics lab

Safety training

46 Core Technologies

Materials Processing Capabilities Applications

CRRC BYD CAAP HUAWEI MI Oppo Midea Haier
A look forward to 2018
Sustainable double digit growth

- Gain share with leadership positions in large & attractive domestic markets
- Grow through megatrends meaningful for China
- Launch new products relevant to Chinese companies and consumers

2017e: $3.2B
2018e: $3.5-$3.7B, 10% to 15%
Positioned to win in China
Leveraging our 3M Playbook

- Managing the portfolio with an increased focus on domestic and megatrend opportunities
- Investing in R&D to support organic growth, customer engagement, and premium margins
- Leveraging Business Transformation to better serve our customer
Science. Applied to Life.