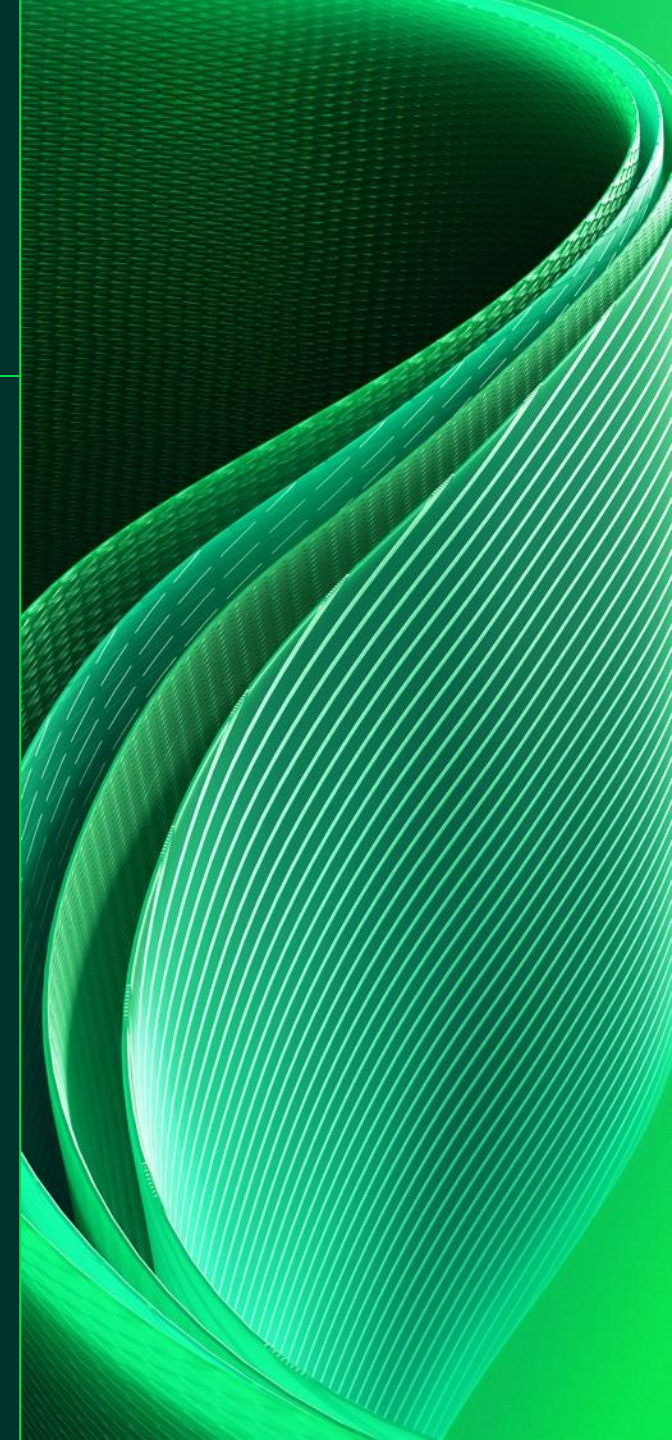




# Q1 FY24 earnings presentation

May 9, 2024



# Forward-looking statements and use of document

## Forward-looking statements

This presentation contains forward-looking information about Solventum's financial results and estimates and business prospects that involve substantial risks and uncertainties. In particular, statements regarding the future performance of Solventum, including guidance for 2024, are forward-looking statements. You can identify these statements by the use of words such as "anticipates," "believes," "could," "estimates," "expects," "forecasts," "goal," "guidance," "intends," "may," "outlook," "plans," "projects," "seeks," "sees," "should," "targets," "will," "would," 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 and geopolitical conditions, natural disasters, war, public health crises, and other events beyond Solventum's control; (2) operational execution risks; (3) damage to Solventum's reputation or its brands; (4) risks from acquisitions, strategic alliances, divestitures and other strategic events; (5) Solventum's business dealings involving third-party partners in various markets; (6) Solventum's ability to access the capital and credit markets and changes in Solventum's credit ratings; (7) exposure to interest rate and currency risks; (8) the highly competitive environment in which Solventum operates and consolidation in the healthcare industry; (9) reduction in customers' research budgets or government funding; (10) the timing and market acceptance of Solventum's new product and service offerings; (11) ongoing working relationships with certain key healthcare professionals; (12) changes in reimbursement practices of governments or private payers or other cost containment measures; (13) Solventum's ability to obtain components or raw materials supplied by third parties and other manufacturing and related supply chain difficulties, interruptions, and disruptive factors; (14) legal and regulatory proceedings and legal compliance risks (including third-party risks) with regards to antitrust, FCPA and other anti-bribery laws, environmental laws, anti-kickback and false claims laws, privacy laws, product liability claims, tax laws, and other laws and regulations in the United States and other countries in which Solventum operates; (15) potential liabilities related to per-and polyfluoroalkyl substances; (16) risks related to the highly regulated environment in which Solventum operates; (17) climate change and measures to address climate change; (18) security breaches and other disruptions to information technology infrastructure; (19) Solventum's failure to obtain, maintain, protect, or effectively enforce its intellectual property rights; (20) pension and postretirement obligation liabilities; (21) any events that adversely affect the sale or profitability of one of Solventum's key products or the revenue delivered from sales to its key customers; (22) any failure by 3M Company ("3M") to perform any of its obligations under the various separation agreements entered into in connection with the separation of Solventum from 3M and distribution (the "Separation"); (23) any failure to realize the expected benefits of the Separation; (24) a determination by the IRS or other tax authorities that the Separation or certain related transactions should be treated as taxable transactions; (25) indebtedness incurred in the financing transactions undertaken in connection with the Separation and risks associated with additional indebtedness; (26) the risk that incremental costs of operating on a standalone basis (including the loss of synergies), costs of restructuring transactions and other costs incurred in connection with the Separation will exceed Solventum's estimates; and (27) the impact of the Separation on Solventum's businesses and the risk that the Separation may be more difficult, time-consuming or costly than expected, including the impact on Solventum's resources, systems, procedures and controls, diversion of management's attention and the impact on relationships with customers, suppliers, employees and other business counterparties.

Changes in such assumptions or factors could produce significantly different results. A further description of these factors is located under "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors" in the Information Statement included in the registration statement on Form 10 filed by Solventum with the Securities and Exchange Commission in connection with the spin-off. Solventum assumes no obligation to update any forward-looking statements discussed herein as a result of new information or future events or developments.

## Use of this document:

This document does not purport to be a complete summary of our Q1 FY24 financial performance. Therefore, please read additional relevant material including our Earnings Release dated May 9, 2024, which can be found at our investor relations website [investors.solventum.com](https://investors.solventum.com), and Form 10-Q quarterly report for the quarter ending March 31, 2024 to be filed with the Securities and Exchange Commission.

References to organic sales growth throughout this document exclude the impact of currency as well as acquisitions and divestitures for the first 12 months post transaction. Unless stated otherwise, all growth rates comparing to prior year period are stated on an organic basis whereas sequential sales performance is reported as 'actual'. Certain columns and rows throughout this document may not sum due to the use of rounded numbers.

# Executive summary

Completed spin-off from 3M and began trading on April 1



## Q1 financial summary:

- Net sales of \$2.0B (+0.9%)
  - Annualized benefit of 2023 pricing actions partially offset by lower volumes
  - Includes timing benefit of P&F customer orders
- Adjusted operating income reflects pricing actions partially offset by increase in operating expenses related to public company and functional stand-up costs
- Adjusted EPS of \$2.08 reflects only a partial quarter of interest expense



## Reaffirming FY24 guidance:

- Organic sales growth (-2% to 0%)
- Adjusted EPS \$6.10 to \$6.40
- FCF \$700 to \$800M

*Incremental headwinds will impact balance of 2024 post spin-off including costs of stand-alone operations and strategic actions (SKU reduction)*



## Prioritizing debt pay down over the next ~24 months

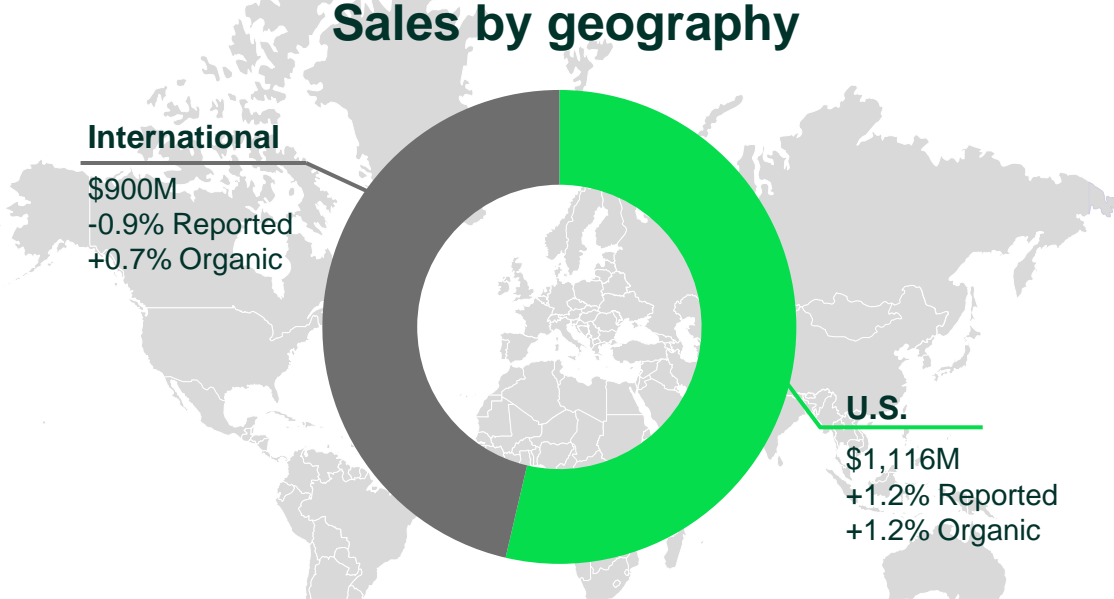
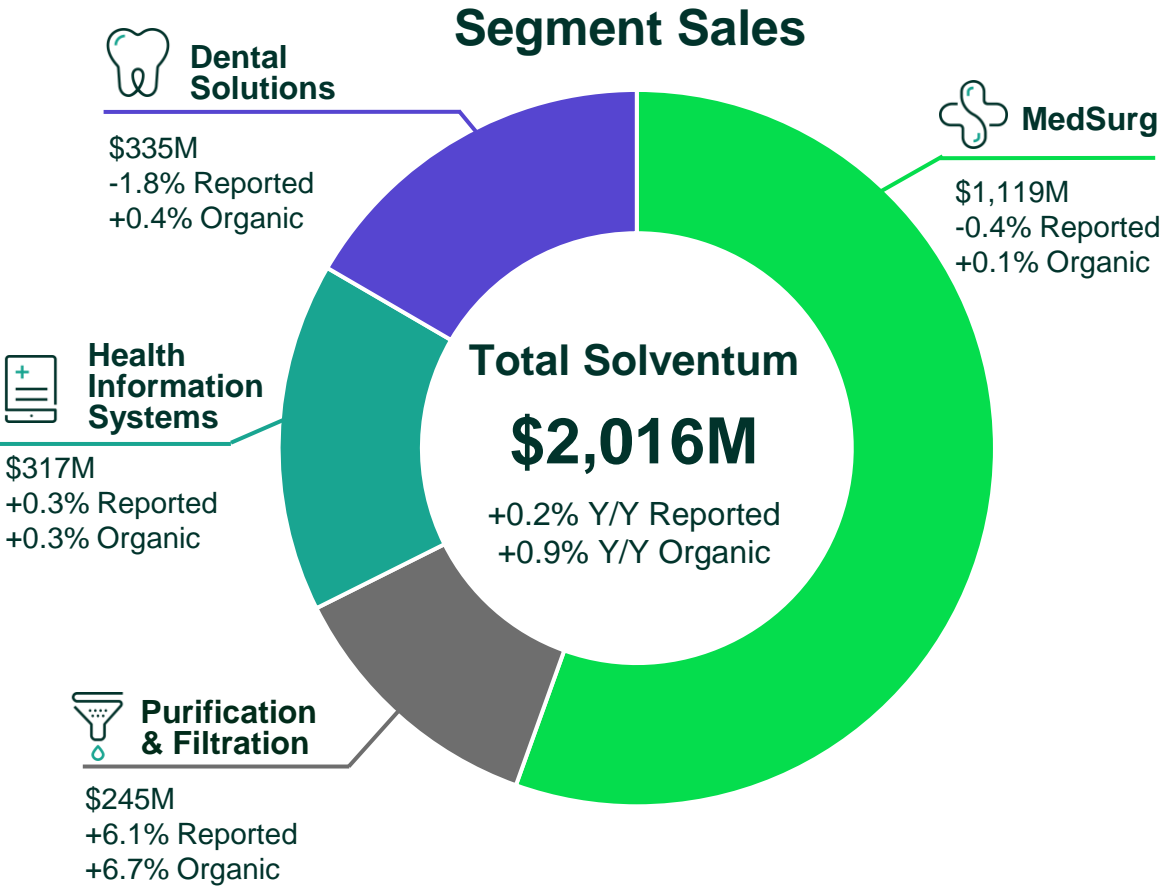
- Elected not to pay a cash dividend or authorize share repurchase at this time
- Will continue to assess capital allocation plans for potential future actions



## Committed to delivering significant value creation over time



# Q1 FY24 Financial summary



Key metrics	GAAP	non-GAAP <sup>1</sup>
Operating margin	18.9%	24.0%
Earnings Per Share (EPS)	\$1.37	\$2.08
Cash from operations / free cash flow <sup>1</sup>	\$442	\$340

<sup>1</sup>See non-GAAP financial measures and reconciliation schedules in the appendix of this document.



# MedSurg summary

Q1 financial results	Q1 FY24	Q1 FY23	Y/Y
Net sales	\$1,119M	\$1,123M	Reported -0.4% Organic +0.1%

## Segment drivers:

- Organic growth driven by positive pricing, largely offset by lower volumes
- Volume declines in advanced wound dressing and sterilization assurance product categories



**3M™ Prevena™ Therapy** single-use NPWT for closed surgical incisions and open wounds.

# Dental Solutions summary

Q1 financial results	Q1 FY24	Q1 FY23	Y/Y
Net sales	\$335M	\$341M	Reported -1.8% Organic +0.4%

## Segment drivers:

- Organic growth driven by positive pricing, largely offset by lower volumes
- Volume declines in traditional orthodontics products
- Reported growth includes 180bps impact from Q3 FY23 divestiture of the local anesthetic business



**3M™ RelyX™ Universal Resin Cement**  
dual-cure resin cement for virtually all adhesive  
and self-adhesive indications.

# Health Information Systems summary

Q1 financial results	Q1 FY24	Q1 FY23	Y/Y
Net sales	\$317M	\$316M	Reported +0.3% Organic +0.3%

## Segment drivers:

- Organic growth driven by revenue cycle management solutions business, led by 3M™ 360 Encompass™ system, largely offset by declines in clinician productivity solutions due to changing market conditions



**3M™ 360 Encompass™ System** latest generation coding solution combines coding and reimbursement processes along with workflow improvements.

# Purification & Filtration summary

Q1 financial results	Q1 FY24	Q1 FY23	Y/Y
Net sales	\$245M	\$231M	Reported +6.1% Organic +6.7%

## Segment drivers:

- Organic growth fueled by higher volume growth in both bioprocessing filtration and membrane OEM product categories
- Bioprocessing filtration benefitted from timing of customer orders



**3M™ Harvest RC Chromatographic Clarifier**  
first-to-market hybrid solution reduces 3-step  
process to 1-step and improves process yields



# Reaffirming FY24 guidance

**Organic sales growth**

**-2% to 0%**

**Adjusted EPS**

**\$6.10 to \$6.40**

**Free cash flow**

**\$700 to \$800M**

## **Additional considerations:**

- **Pricing:** Expect waning benefit for remainder of 2024 and a return to a normalized pricing environment
- **SKU rationalization project:** Expected to begin impacting financials in 2H 2024 and carry into 2025-26
- **FX:** Expect unfavorable currency impact of ~50bps to reported sales
- **3M-supply agreement:** Started April 1, 2024, anticipate impact to the income statement to begin largely in the second half of 2024
- **Stand-up functional expenses:** expected to ramp up for the remainder of 2024

# Focused on strategic and disciplined capital allocation

## Pay down debt

Priority for first ~24 months post transaction close

### Consistent with maintaining investment grade ratings

- Maintain strong liquidity position with existing cash and revolving credit facility
- Builds financial flexibility with more options to use balance sheet

## Invest for growth

Ongoing focus to unlock value-creation opportunity

### Capex to fuel organic innovation and top-line growth

- Preserve & expand market leadership

### Acquisitions managed within target credit rating over time

- Focused on accretive bolt-ons that advance innovation

## Return capital to shareholders

### No dividend or share repurchase at this time

- Will continue to assess capital allocation plans for future actions

# Appendix

# Non-GAAP financial measures

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In addition to reporting financial results in accordance with U.S. GAAP, Solventum also provides non-GAAP measures that we use, and plan to continue using, when monitoring and evaluating operating performance and measuring cash available to invest in our business. The adjusted measures are not in accordance with, nor are they a substitute for, GAAP measures. These non-GAAP financial measures are supplemental measures of our performance and our liquidity that we believe help investors understand our underlying business performance and the Company uses these measures as an indication of the strength of the Company and its ability to generate cash. Refer to the appendix of this slide deck for descriptions of non-GAAP financial measures such as organic revenue growth, adjusted operating income and adjusted operating income margin, adjusted earnings per share, and free cash flow. Further information and reconciliation of these non-GAAP measures to the most directly comparable GAAP measure can be found in Solventum's May 9, 2024 press release.

Solventum calculates forward-looking non-GAAP financial measures, including organic revenue growth, adjusted earnings per share, and free cash flow based on internal forecasts that omit certain amounts that would be included in GAAP financial measures. Solventum does not provide reconciliations of these forward-looking non-GAAP financial measures to the respective GAAP metrics as it is unable to predict with reasonable certainty and without unreasonable effort certain items such as the impact of changes in currency exchange rates, impacts associated with business acquisitions or divestitures, timing and magnitude of restructuring activities, amongst other items. The timing and amounts of these items are uncertain and could have a material impact on Solventum's results in accordance with GAAP.

# Q1 FY24 detailed non-GAAP reconciliation and free cash flow

(Millions, except per share data)	Q1 FY24 GAAP	Amortization	Restructuring	Spin-off & separation-related costs	Legal entity restructuring	Q1 FY24 non-GAAP
Net sales	2,016					2,016
Cost of sales <sup>1</sup>	844		(1)			843
Gross margin	1,172		1			1,173
R&D	195	(43)	(2)			150
% of sales	9.7%					7.4%
SG&A	596	(44)	(6)	(7)		539
% of sales	29.6%					26.7%
Operating income	381	87	9	7		484
Operating income margin	18.9%					24.0%
Non-operating expense/(Income), net	52			(12)		40
Income before income taxes	329	87	9	19		444
Provision for income taxes	92	14	3	3	(27)	85
Net income	237	73	6	16	27	359
Diluted EPS	\$1.37	\$0.42	\$0.04	\$0.09	\$0.16	2.08
<b>Free cash flow (millions)</b>	<b>Q1 FY24</b>					
Net cash provided by (used in operating activities)	442					
Purchases of property, plant and equipment	(102)					
Free cash flow	\$340					



# Q1 FY23 detailed non-GAAP reconciliation and free cash flow

(Millions)	Q1 FY23 GAAP	Amortization	Restructuring	Q1 FY23 non-GAAP
Net sales	2,011			2,011
Cost of sales <sup>1</sup>	874		(1)	873
Gross margin	1,137		1	1,138
R&D	195	(43)		152
% of sales	9.7%			7.6%
SG&A	577	(49)	(8)	520
% of sales	28.7%			25.9%
Operating income	365	92	9	466
Operating income margin	18.2%			23.2%
<b>Free cash flow (millions)</b>	<b>Q1 FY23</b>			
Net cash provided by (used in operating activities)	509			
Purchases of property, plant and equipment	(65)			
Free cash flow	\$444			

# Glossary and definitions

Abbreviation	Elaboration
EPS	Earnings per share
FCF	Free cash flow
FY	Fiscal year
NPWT	Negative pressure wound therapy
P&F	Purification and Filtration
R&D	Research and development
SG&A	Sales, general and administrative expenses
U.S.	United States of America

## **Organic sales growth**

Total net sales less the impacts of foreign currency and sales from business acquisitions or divestitures for the first 12 months post-transaction

## **Adjusted operating income**

Operating income excluding the impacts of amortization of acquired intangible assets, restructuring costs, spin-off and separation-related costs, and gains or losses on business divestitures

## **Adjusted operating income margin**

Adjusted operating income divided by total net sales

## **Adjusted earnings per share**

Earnings per share excluding the per share impacts of amortization of acquired intangible assets, restructuring costs, spin-off and separation-related costs, and legal entity restructuring

## **Free cash flow**

Net cash provided by operating activities less purchases of property, plant and equipment