



# Inaugural Investor Day

March 19, 2024

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## Welcome and Overview

Kevin Moran | SVP, Investor Relations

# Disclaimers

## Forward-looking statements

This communication contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact included in this communication are forward-looking statements. In particular, statements regarding the future performance of Solventum, including guidance for 2024, and regarding Solventum's intended operations as a standalone public company are forward-looking statements. These forward-looking statements are sometimes identified from the use of forward-looking words such as “believe,” “should,” “could,” “potential,” “continue,” “expect,” “project,” “estimate,” “predict,” “anticipate,” “aim,” “intend,” “plan,” “forecast,” “target,” “is likely,” “will,” “can,” “may” or “would” or the negative of these terms or similar expressions elsewhere in this communication. All forward-looking statements are subject to a number of important factors, risks, uncertainties and assumptions that could cause actual results to differ materially from those described in any forward-looking statements. These factors and risks include, but are not limited to, risks associated with the impact, timing or terms of the proposed spinoff of Solventum; risks associated with the expected benefits and costs of the proposed spinoff, including the risk that the expected benefits of the proposed spinoff will not be realized within the expected time frame, in full or at all, and the risk that conditions to the proposed spinoff will not be satisfied or that the proposed spinoff will not be completed within the expected time frame, on the expected terms or at all; risks associated with financing transactions undertaken in connection with the proposed spinoff and risks associated with indebtedness incurred in connection with the proposed spinoff; the risk of increased costs from lost synergies, costs of restructuring transactions and other costs incurred in connection with the proposed spinoff; the impact of the proposed spinoff on Solventum's business and the risk that the proposed spinoff may be more difficult, time-consuming or costly than expected; diversion of management's attention and the impact on relationships with customers, suppliers, employees and other business counterparties; the risk that Solventum may fail to have the necessary systems and services in place when certain of the spinoff-related agreements with 3M expire, or that replacing those systems and services may be more expensive or less efficient than those that 3M is expected to provide during the transition period to Solventum; the risk that Solventum's accounting and other management systems and resources may not be adequately prepared to meet the requirements to which Solventum will be subject as a standalone public company; the impact of field of use allocations in the spinoff-related agreements on Solventum's ability to exploit certain intellectual property; the effects of, and changes in, worldwide economic, political, regulatory, international trade and geopolitical conditions, natural disasters, war, foreign currency exchange rates and fluctuation, changes in interest rates, and other events beyond Solventum's control; Solventum's ability to access the capital and credit markets on terms that are favorable to Solventum; consolidation and competition in the healthcare industry; the risk of any damage to Solventum's reputation or brands; timing and market acceptance of Solventum's new product and service offerings; Solventum's ability to maintain strong working relationship with healthcare professionals; the impact of changes in reimbursement practices of third-party payers or other cost containment measures, or of current or worsening economic conditions, on demand for Solventum's products and the prices at which they are sold; the costs and availability of purchased components, compounds, raw materials, production capacity, energy, and labor due to shortages, increased demand and wages, logistics, supply chain interruptions, manufacturing site disruptions, regulatory developments, natural disasters and other disruptive factors; risks arising from the fact that 3M is the sole source of supply for certain chemical materials and inputs used in Solventum's products; risks related to international, federal, state, and local treaties, laws, and regulations that are subject to change at any time, as well as compliance risks related to legal or regulatory requirements, contract requirements, policies and practices; potential liabilities related to PFAS and other product liability claims; security and data breaches, cyberattacks, and other cybersecurity incidents involving Solventum's information technology systems and infrastructure; Solventum's ability to obtain, maintain, protect or effectively enforce its intellectual property rights; risks from acquisitions, strategic alliances, divestitures and other strategic events; reliance on customer's research budgets or government funding; and the other financial, operational and legal risks and uncertainties detailed from time to time in 3M's cautionary statements contained in its filings with the SEC in the sections titled “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) and in Solventum's cautionary statements contained in its Registration Statement on Form 10 filed with the SEC in the sections titled “Cautionary Note Regarding Forward-Looking Statements” and “Risk Factors.” All forward-looking statements speak only as of the date of this communication. Neither 3M nor Solventum undertakes any obligations to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise other than as required under the federal securities laws.

# Agenda & speakers

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**9:10 AM**

Business Overviews  
Foundation & Building Blocks  
Value Creation

**Bryan Hanson** | *Chief Executive Officer*

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Value-Creation Playbook

**Wayde McMillan** | *Chief Financial Officer*

**10:30 AM**

Break

**10:45 AM**

Q&A

**Bryan Hanson** | *Chief Executive Officer*

**Wayde McMillan** | *Chief Financial Officer*

**Chris Barry** | *Executive Vice President & Group President, MedSurg*

**Garri Garrison** | *President, Health Information Systems*

**Vaughn Grannis** | *Interim President, Purification & Filtration*

**Karim Mansour** | *President, Dental Solutions*

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**11:30 AM**

Closing Remarks

**Bryan Hanson** | *Chief Executive Officer*



Bryan Hanson | Chief Executive Officer

# Key messages



Starting from a solid foundation with the right building blocks



Address historical underperformance and spin-related topics



Unlock significant value creation over time



# Agenda



Business Overview

Foundation &  
Building Blocks

Value-Creation  
Opportunity





# Solventum at-a-glance

**70+** year history  
of innovation

**7,300+** patents  
issued

**22,000+** employees

**A leading global healthcare company with  
a broad portfolio of solutions**

**\$8.2B**

2023 revenue

**25%**

2023 adjusted  
operating income  
margin<sup>1</sup>

**7%**

of 2023 sales  
invested in R&D  
(ex-amortization)

**>\$1.4B**

free cash flow for each  
of the last 3 years

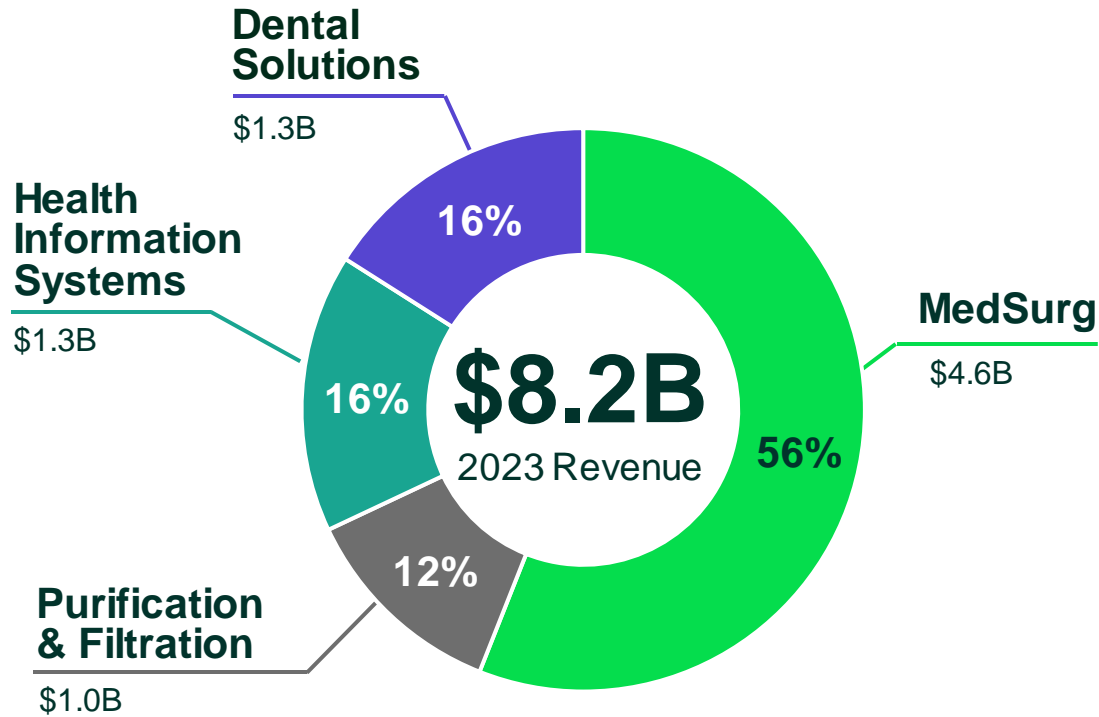
**Market-  
leading**  
positions

**Trusted**  
& recognized  
brands

<sup>1</sup>Historical adjusted operating income margin does not include pro forma adjustments or standalone expenses



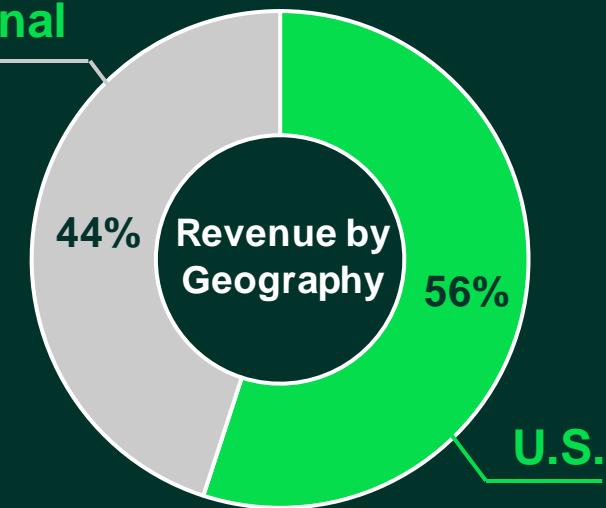
# Our four operating segments



## Strong geographic, customer & product diversification

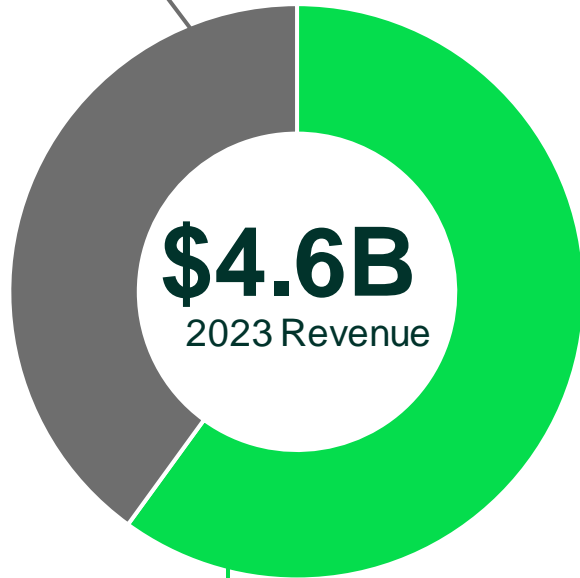
- Revenue diversification across our segments
- **100,000+ customers** and channel partners globally in **90+ countries**

## International



# Segment overview: MedSurg

Advanced  
Wound Care



**\$4.6B**

2023 Revenue

**Infection Prevention  
& Surgical Solutions**



**56%**  
of total company  
revenue

**~\$26B**  
2022 addressable  
market size

**3-5%**  
addressable market  
annual growth rate  
(2024-2026)

# Segment overview: MedSurg

**MedSurg** is a provider of a broad range of innovative advanced wound care and surgical solutions that are intended to accelerate healing, prevent complications and lower the total cost of care globally

## Category-leading positions

- Leader in advanced wound care market
- First-to-market with negative pressure wound therapy
- First-to-market with transparent film dressings
- Market-leading brands such as Tegaderm™ and Prevena™



3M™ Tegaderm™ I.V.  
Securement Dressings



3M™ Prevena™  
Single-Use  
NPWT

## Go-to-market model and customers

- Primarily direct sales organization calling on:
  - Public and private health systems
  - Ambulatory surgical centers
  - Skilled nursing facilities
  - Long-term care facilities
  - Home-health and payer organizations
- Partner with distributors for extended reach and fulfillment



# Portfolio overview: Infection Prevention & Surgical Solutions

## Surgical Solutions

Promotes reduced risk of surgical site infections and complications, including temperature management, sterilization assurance, surgical drapes and antiseptics

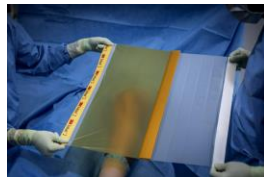
Sterilization Assurance solutions including 3M™ Attest™ readers and indicators



3M™ Bair Hugger™ Normothermia System and 3M™ Ranger™ Blood and Fluid Warming System



Perioperative surgical drapes - including 3M™ Ioban™ 2 Antimicrobial Incise Drapes



## I.V. Site Management

Secure I.V. catheters from insertion to removal while reducing potential for infection, dislodgement, skin damage and other complications

3M™ Tegaderm™ I.V. Advanced Securement Dressings



3M™ Tegaderm™ CHG Chlorhexidine Gluconate I.V. Securement Dressings



3M™ Curox™ Disinfecting Caps to cover the end of catheters in between uses



## Hospital Consumables

Medical tapes and wraps, medical electrodes, and Littmann® branded stethoscopes

Medical tapes and wraps including 1<sup>st</sup> to market 3M™ Micropore™ Surgical Tape



3M™ Red Dot™ ECG Monitoring Electrodes



Clinician-preferred 3M™ Littmann® Stethoscopes



# Portfolio overview: Advanced Wound Care

## Negative Pressure Wound Therapy

Combines wound dressings with a vacuum pump device to promote healing in acute, chronic and surgical wounds

Increasing therapeutic complexity ↓

3M™ Prevena™ Therapy for closed surgical incisions and open wounds



3M™ V.A.C.® Therapy for acute and chronic wounds



3M™ Veraflo™ Therapy with Instillation for dirty or infected wounds



3M™ AbThera™ Open Abdomen NPWT for abdominal closures



## Advanced Wound Dressings

Provide effective treatment of infection, manage chronic wound exudate and deliver therapeutic compression

3M™ Promogran™ Collagen Dressings for infection and inflammation management



3M™ Tegaderm™ Wound Dressings to manage exudate



3M™ Coban™ Compression Systems to provide therapeutic compression



## Advanced Skin Care

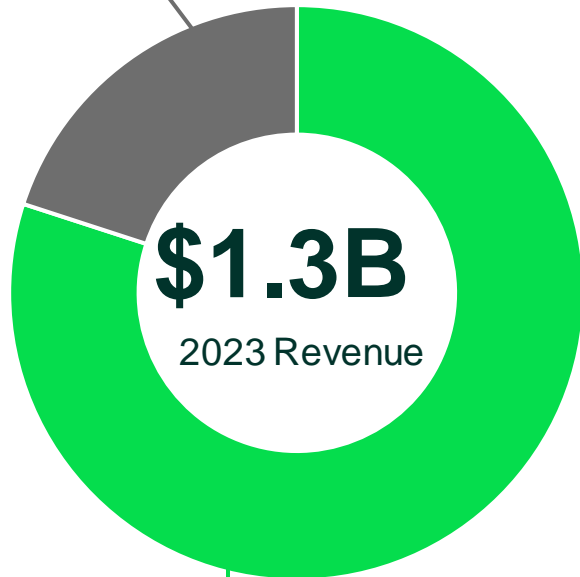
Highly durable and ultra-thin skin protectants that help to repel irritants and support healing of skin

3M™ Cavilon™ skin protectants, films and creams



# Segment overview: Dental Solutions

Orthodontic  
Solutions



**\$1.3B**

2023 Revenue

Restorative &  
Prevention  
Solutions



**16%**

of total company  
revenue

**~\$17B**

2022 addressable  
market size

**4-6%**

addressable market  
annual growth rate  
(2024-2026)

# Segment overview: Dental Solutions

**Dental Solutions** is a provider of a comprehensive suite of restorative, prevention and orthodontic solutions

## Category-leading positions

- Leader in dental and orthodontic bonding solutions
- First-to-market with tooth-colored restorative composites
- Strong, reputable brands such as Filtek™ and Clarity™



3M™ Filtek™ Composites



3M™ Clarity™ Aligners

## Go-to-market model and customers

- Direct sales organization calling on:
  - Dentists
  - Orthodontists
  - Group practices
  - Teaching universities
- Partner with distributors for extended reach and fulfillment



# Portfolio overview: Dental Solutions

## Restorative and Prevention Solutions

**Restorative Solutions** including composites, cements, adhesives or bonding agents, impressing materials, and prosthetics to help repair the function, integrity and structure of a tooth; and a new digital solution to help deliver minimally invasive aesthetic anterior restorations

3M™ Filtek™  
Composites and  
3M™ Filtek™  
Matrix



3M™ Scotchbond™  
Adhesives



3M™ RelyX™  
Cements



Other  
restorative  
solutions



**Prevention Solutions and Other Products** such as preventive care (e.g., fluorides) and dental equipment (e.g., curing lights)

## Orthodontic Solutions

Portfolio of brackets, bonding agents, clear tray aligners and digital orthodontic solutions to help customers align teeth and jaws

Custom-made 3M™ Clarity™  
Aligners and other digital solutions  
such as 3M™ Digital Bonding and  
3M™ Oral Care Portal



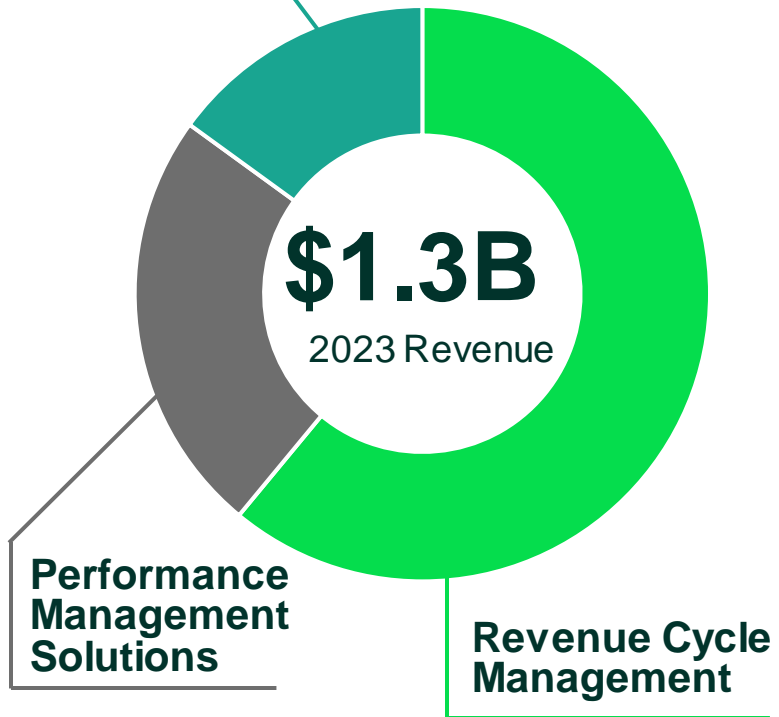
Fixed braces solutions including brackets, archwires, bands and bonding materials marketed under recognized brands such as Clarity™, APC™ and Transbond™





# Segment overview: Health Information Systems (HIS)

Clinician  
Productivity Products



**16%**  
of total company  
revenue

**~\$9B**  
2022 addressable  
market size

**6-8%**  
addressable market  
annual growth rate  
(2024-2026)

# Segment overview: Health Information Systems

**Health Information Systems** is a provider of software solutions powered by clinical intelligence that create time for clinicians to care for patients and improve accuracy in healthcare reimbursement

## Category-leading positions

- Leader in computer-assisted medical coding technology in the U.S. market
- First-to-market with a solution integrating computer-assisted coding with clinical documentation improvement
- More than 75% of hospitals in the U.S. use at least one of our software solutions

## Go-to-market model and customers

- Direct sales organization calling on:
  - Public and private hospitals
  - Physician groups and clinics
  - Federal government agencies
  - Ministries of health
  - Payer organizations
- Many active industry and technology partners, including all the major electronic health record (EHR) companies



# Portfolio overview: Health Information Systems

## Clinician Productivity Solutions

Solutions designed to improve medical transcription processes using AI-powered technology



**3M™ M\*Modal Fluency Direct** designed to improve documentation accuracy using NLU technology to continuously monitor clinical narrative



**3M™ M\*Modal CDI Engage One™** uses real time AI “nudges” to identify common documentation gaps and clarify documentation notes upfront



**AI-powered ambient clinical documentation and virtual assistant solution** makes documentation an immediate by-product of the patient-physician interaction

## Revenue Cycle Management

Solutions that help eliminate unnecessary administrative inefficiencies and ensure accurate and compliant reimbursement



**3M™ 360 Encompass™ System**, suite of applications to suggest appropriate medical coding and classification prior to invoice generation



**3M™ 360 Encompass™ Professional System**, an encounter-based coding solution that classifies clinician services



**3M™ 360 Encompass™ in the Cloud**, combines power of 360 Encompass™ with flexibility and efficiency of cloud platform

## Performance Management Solutions

Solutions to help payers and providers access and analyze data to identify workflow and outcome improvement opportunities



**3M™ Grouper Methodologies** for defining healthcare payment, benchmarking, reporting and analytics

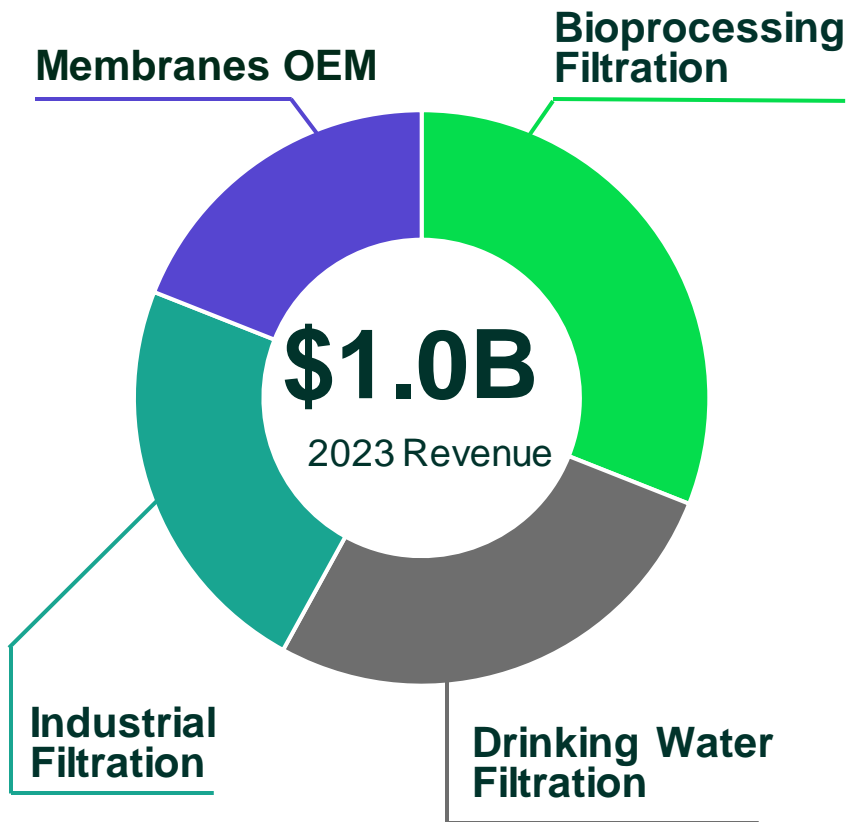


**3M™ Informed Analytics Platform** enables fast development and sharing of actionable insights across the healthcare organization



**3M™ Value-Based Methodologies** for advanced payment models, including longitudinal clinical risk models, bundles, and episodic care

# Segment overview: Purification & Filtration (P&F)



**12%**  
of total company  
revenue

**~\$41B**  
2022 addressable  
market size

**4-6%**  
addressable market  
annual growth rate  
(2024-2026)

# Segment overview: Purification & Filtration

**Purification & Filtration** is a provider of filters and membranes for use in the manufacturing of biopharmaceutical and medical technologies, microelectronics and food and beverage products, as well as filtration for cleaner drinking water

## Category-leading positions

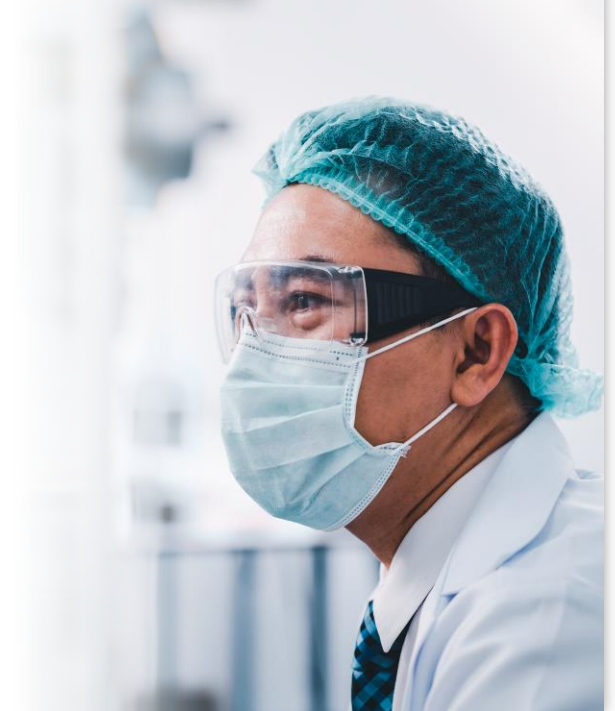
- First-to-market with a hybrid solution combining the cell culture harvest and clarification processes
  - Reduces a 3-step process to 1-step
  - Improves process yields from 85% to 95%
- Life-saving membrane technology:
  - More than 25 million dialysis treatments
  - Approximately one million open heart surgeries using oxygenators



3M™ Harvest RC  
Chromatographic Clarifier,  
BT500

## Go-to-market model and customers

- Direct sales organization calling on:
  - Biopharmaceutical and medical device manufacturers
  - Distributors
  - OEM integrators
  - ECommerce / retail



# Portfolio overview: Purification & Filtration

## Bioprocessing Filtration

High-value purification products that enable the harvest, clarification and sterile filtration of bioprocess fluids

Simplify purification processes, providing predictable scaling from discovery to manufacturing, and to reduce production costs

Transforming manufacturing process for drug therapies



3M™ Harvest RC

## Drinking Water Filtration

High-efficiency filtration products designed to provide cleaner, clearer and great-tasting water for the commercial and residential markets

**Commercial:** deliver filtered water for small and medium commercial facilities and food service facilities

**Residential:** reduce chlorine taste, odor, as well as lead, microbial cysts and other contaminants



3M™ ScaleGard™ HP  
Reverse Osmosis System

## Industrial Filtration

High-performance solutions enabled by differentiated filtration and purification technology

Provides contamination control and dissolved gas control platforms

Improves customers' product and process quality, efficiency and safety

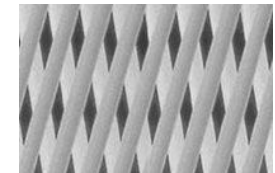


3M™ Liqui-Cel™  
Membrane Contractors

## Membranes OEM

Critical membrane media for medical and industrial customers; drive device performance and efficiency

Used in dialyzer for treatment in therapeutic blood filtration and separation, end-state renal disease and heart-lung oxygenators



3M™ Membrana™ OXYPHAN™  
Capillary Membrane

# Agenda



Business Overview

Foundation &  
Building Blocks

Value-Creation  
Opportunity



# Solid foundation with opportunities ahead

## A leader with scale in attractive markets...



A proven global leader in large, diverse and growing markets



Diverse portfolio of strong, reputable brands and long-standing customer relationships

## And strong existing capabilities and investments...



Technology platforms and expertise powering innovation



Leading digital and data science capabilities and business models



Global scale and reach supported by strong manufacturing expertise



Attractive margins and strong cash-flow generation





# Proven global leader in large, diverse and growing markets

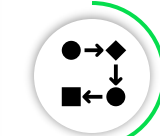
Serving a ~\$93B global addressable market...

|                            | 2022 Market Size <sup>1</sup> | Expected Market Growth Rate |
|----------------------------|-------------------------------|-----------------------------|
| MedSurg                    | ~\$26B                        | 3-5%                        |
| Dental Solutions           | ~\$17B                        | 4-6%                        |
| Health Information Systems | ~\$9B                         | 6-8%                        |
| Purification & Filtration  | ~\$41B                        | 4-6%                        |
| <b>Total Solventum</b>     | <b>~\$93B</b>                 | <b>4-6%</b>                 |

...with favorable trends underpinning long-term sustainable market growth



Changing demographics



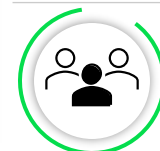
Optimizing workflows



Digital and data-driven care



Shift to lower cost care sites



Demand for personalized care

# Reputable brands and long-standing customer relationships

## Legacy of innovation with recognized and trusted brands

### Industry recognized and awarded



**2,000+**

Peer-reviewed publications supporting NPWT solutions



**ACS Awards**  
Heroes of Chemistry  
2022

### Top brands globally



## Strong customer relationships

Customer-focused operating model

**100,000+**

channel partners and customers worldwide

**>75%**

of U.S. hospitals use at least one of our Health Information Systems software solutions

**>35**

years relationship with the U.S. Centers for Medicare & Medicaid Services

# Powering innovation with technology platforms expertise

**70+** year history of discovering and innovating advanced solutions to solve our customers' toughest challenges



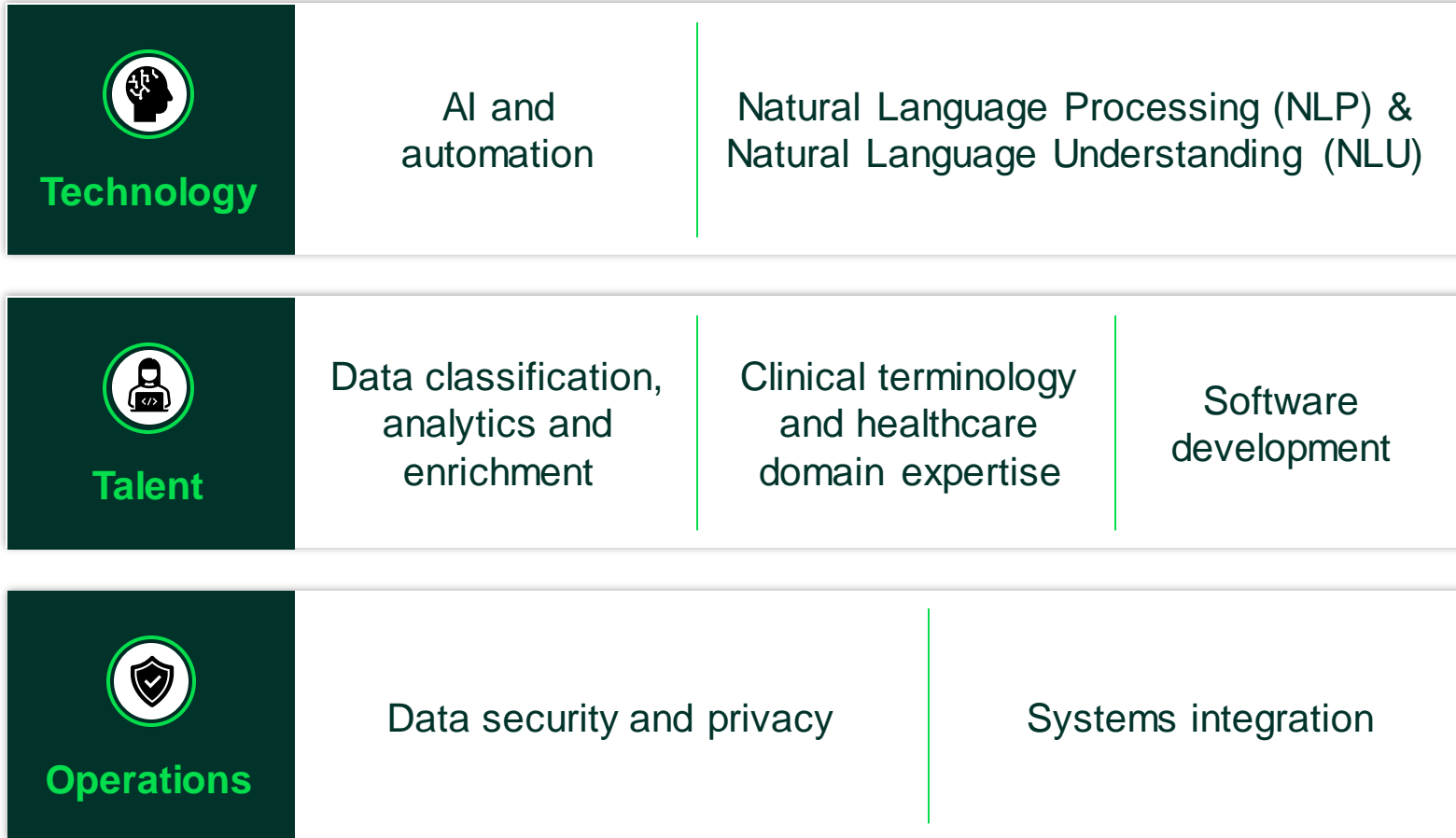
**7,300+**  
patents issued globally

**7%**  
of 2023 sales invested in R&D (ex-amortization)

**2,100+**  
R&D employees globally

# Leading digital / data science capabilities and business models

35+ years of building leading digital capabilities in our HIS segment



# Global commercial scale and reach supported by strong manufacturing expertise

Meeting customer needs with global commercial scale

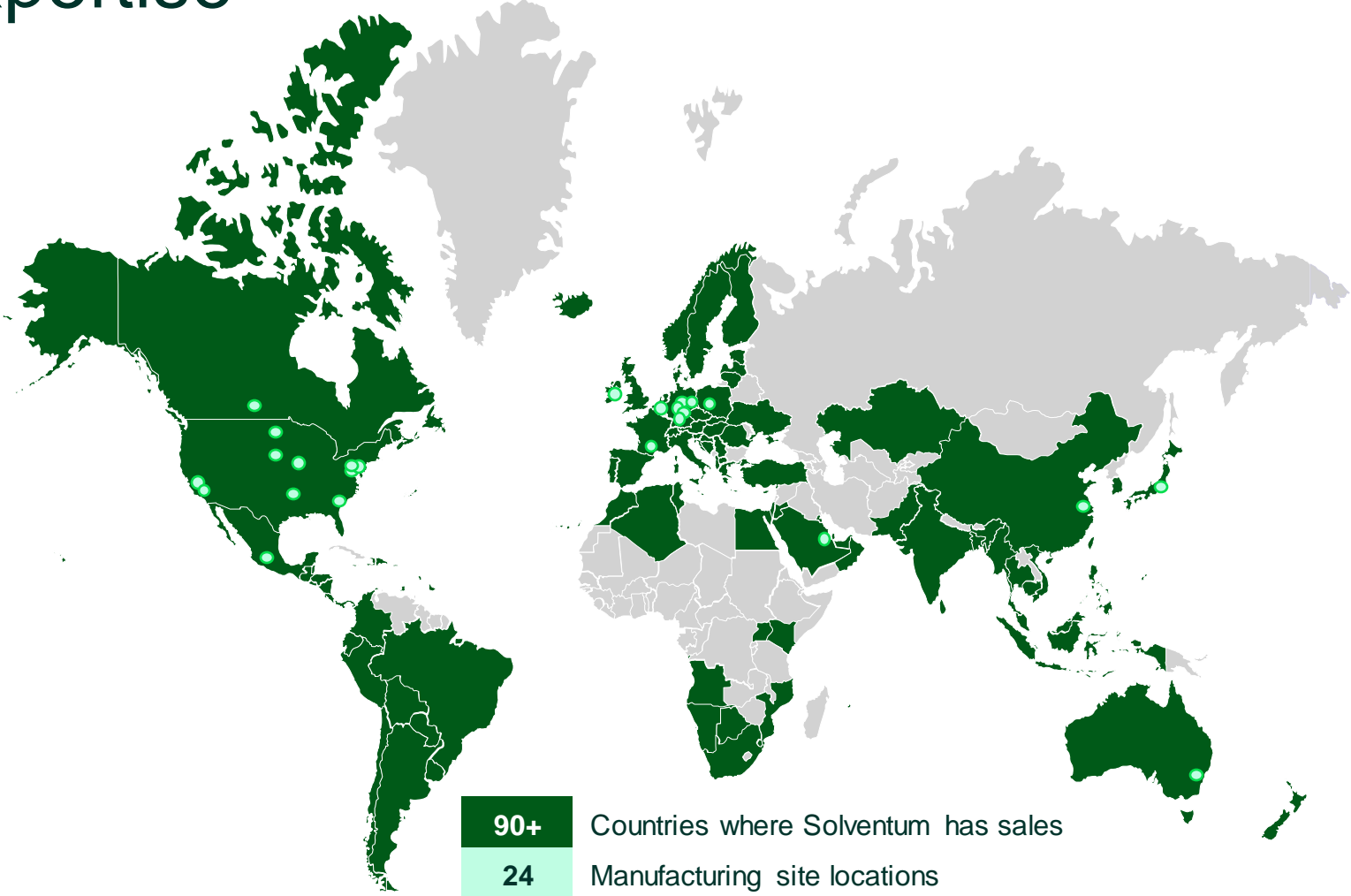
*Multi-model commercial approach for broad coverage and tailored regional execution*

**100,000+** channel partners and customers

**3,800+** global sales force with strong clinical and technical service support team

**2,000+** global customer service members

**6,000+** manufacturing employees across **24** sites located in **12** countries



# Historically attractive margins and strong cash flow generation

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>25%

Adjusted operating income margin for each of the last three years<sup>1</sup>

>\$1.6B

Cash from operating activities generated for each of last three years

>\$1.4B

Free cash flow generation for each of last three years

Ability to reduce leverage, reinvest in our business, accelerate growth through M&A (bolt-on) over time, and return capital to shareholders

# Agenda

Business Overview

Foundation &  
Building Blocks

Value-Creation  
Opportunity



# Strong markets, brands, spend and global scale, but historical underperformance vs. overall markets

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Industrial performance metrics, limited decision rights and control over capital

WAMGR below overall market growth

Growth rate below WAMGR

- Opportunity to optimize R&D and commercial execution



WAMGR defined as overall growth rate for each segment, calculated by weighting each sub-segment's SAM growth rate according to sub-segment revenue



# Strong markets, brands, spend and global scale, but discrete spin-related impacts

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## Typical spin topics

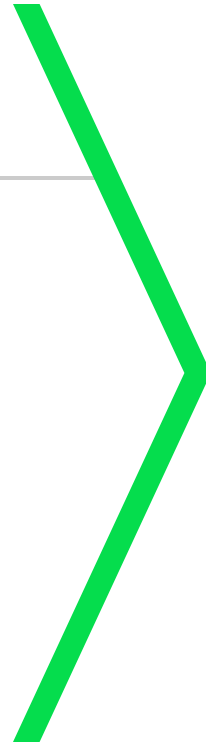
Initial debt level limits strategic flexibility

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## Entanglements unique to this spin

High-value IP requires significant sole-source supply arrangements

- Added cost and distraction to disentangle, but...
- Benefit from IP differentiation
- Long-term supply agreements for transition



# Spin-off unlocks...

## Talent

Enable each business to effectively recruit, retain, and develop industry-leading talent

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## Operational agility

Design and implement corporate strategies aligned with industry-specific focus

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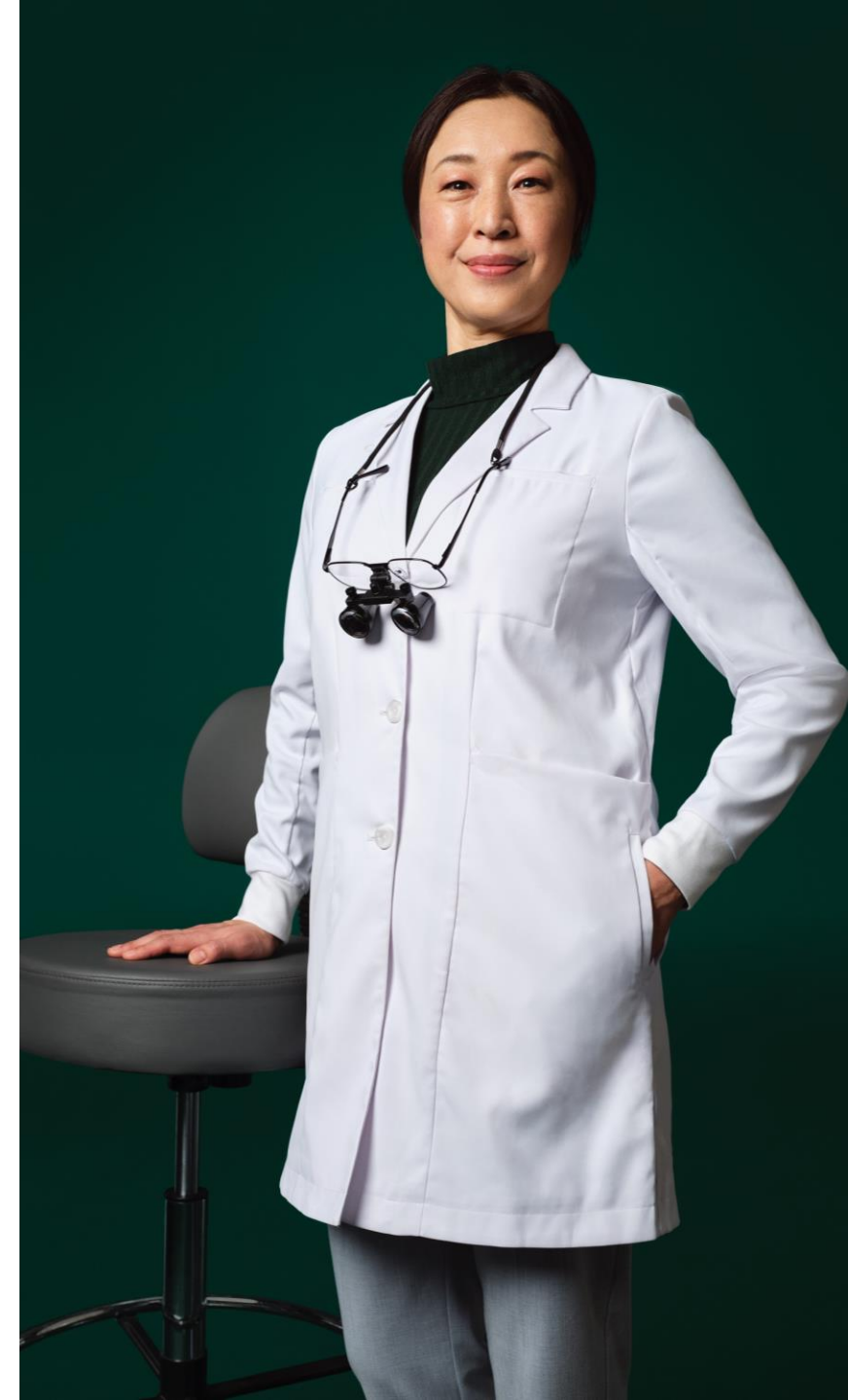
## Enhanced focus

Establish distinct board and management team with relevant expertise

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## Capital allocation

Pursue tailored capital allocation strategies and company-specific investments to drive innovation and growth



# Experienced leadership team focused on value creation



**Bryan Hanson**

Chief Executive Officer

*CEO, Zimmer Biomet*



**Wayde McMillan**

Chief Financial Officer

*CFO, Insulet*



**Christopher Barry**

EVP & Group President, MedSurg

*CEO, Nuvasive*



**Tammy Gomez**

Chief Human Resources Officer

*CHRO, Owens & Minor*



**Raymond Chiu**

Chief Technology Officer



**Marcela Kirberger**

Chief Legal Affairs Officer

*General Counsel, Elanco*



**Paul Harrington**

Chief Supply Chain Officer

*SVP Global Operations Innovation, Medtronic*

Prior Role



**Garri Garrison**

President, Health Information Systems



**Vaughn Grannis**

Interim President, Purification & Filtration



**Karim Mansour**

President, Dental Solutions



**Amy Landucci**

Chief Information & Digital Officer

*CDTO, Haleon*



**Sanjiv Arora**

Chief Strategy Officer

*VP Business Development & Strategy, Medtronic*



**Michael Spears**

SVP, Regulatory & Quality

*SVP Regulatory and Affairs, Insulet*



**Katie Sagnella**

Chief of Staff

*Sr Director, Strategy & Communications, Zimmer Biomet*

Prior Role

Significant healthcare, public company and spin-off experience

# Origin and meaning of our name

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Problem solving + Momentum



# Roadmap to the mission



# Taking phased approach to execute our roadmap

## Phase 1 | Capture hearts & minds and stabilize the business

- Enhance talent and harmonize new executive team
- Execute separation activities
- Drive mission and culture - ingrain purpose, drive quicker and more decentralized decision making, increase accountability
- Address execution challenges

## Phase 2 | Enhance strategic focus

- Establish clear strategic plan to drive revenue growth, margin expansion, cash-flow generation
- Primary market selection and resulting growth drivers with biased resourcing
- Catalyze operating mechanisms ensuring accountability to strategic focus areas
- Evolve structure and incentives to support the strategy

## Phase 3 | Transform for the future

- Optimize portfolio
  - Organic and inorganic growth opportunities to enter or increase scale within our most attractive markets and submarkets
- Talent development

# Strong markets, brands, spend and global scale, but historical underperformance vs. overall markets

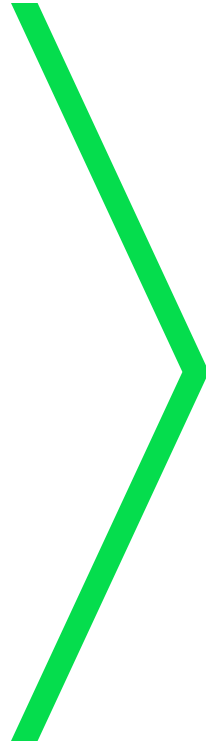
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Industrial performance metrics, limited decision rights and control over capital

WAMGR below overall market growth

Growth rate below WAMGR

- Opportunity to optimize R&D and commercial execution



## Spin unlocks future state

- Better alignment of metrics, increased decision rights and control of capital allocation
- Portfolio management discipline – strategic submarket selection focused on improving WAMGR
- Growth driver identification in selected submarkets with biased resourcing
  - Improved R&D and commercial alignment

WAMGR defined as overall growth rate for each segment, calculated by weighting each sub-segment's SAM growth rate according to sub-segment revenue

# Strong markets, brands, spend and global scale, but discrete spin-related impacts

---

## Typical spin topics

Initial debt level limits strategic flexibility

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## Entanglements unique to this spin

High-value IP requires significant sole-source supply arrangements

- Added cost and distraction to disentangle, but...
- Benefit from IP differentiation
- Long-term supply agreements for transition



## Spin unlocks future state

- Leverage strong cash flow for deleveraging – increasing strategic flexibility over time
- Reduce disentanglement distraction via well-funded, walled-off and focused team

WAMGR defined as overall growth rate for each segment, calculated by weighting each sub-segment's SAM growth rate according to sub-segment revenue



# Key messages



Starting from a solid foundation with the right building blocks



Address historical underperformance and spin-related topics



Unlock significant value creation over time



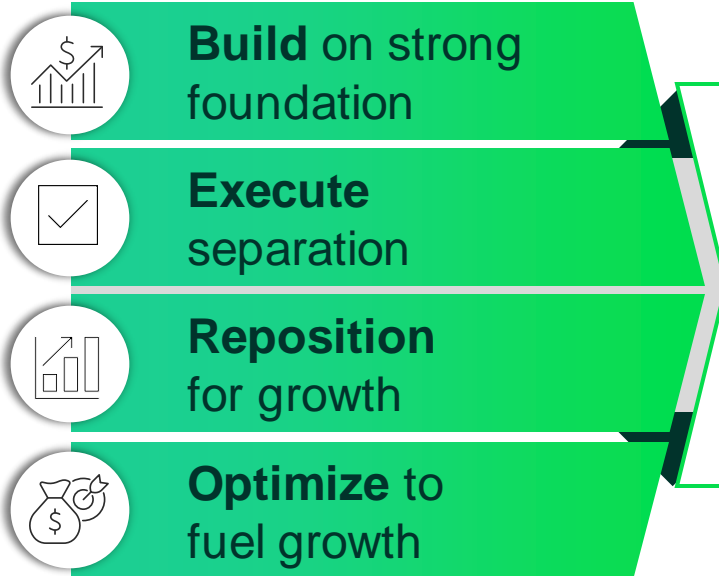


# Value-Creation Playbook

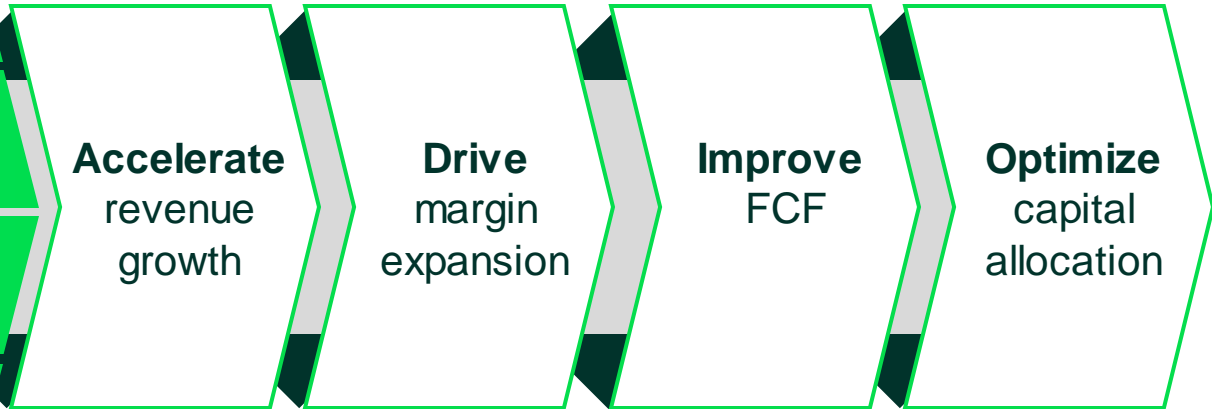
Wayde McMillan | Chief Financial Officer

# Value-creation playbook

## Our actions:



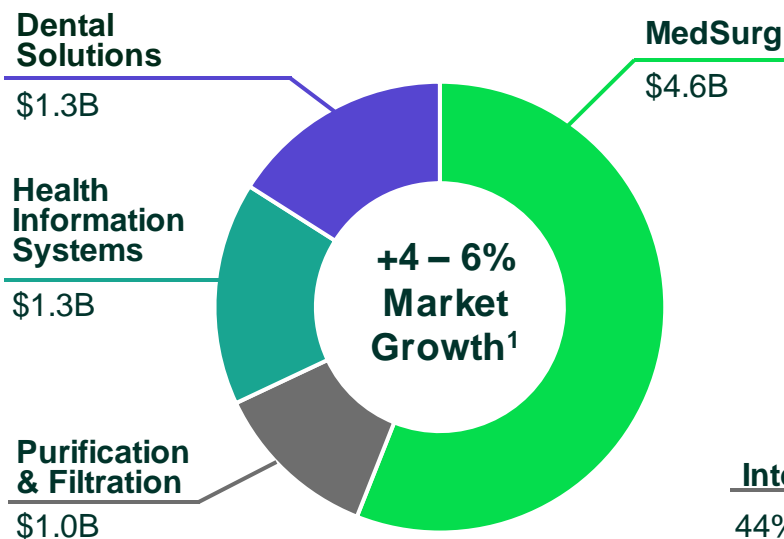
## Drive key financial metrics:



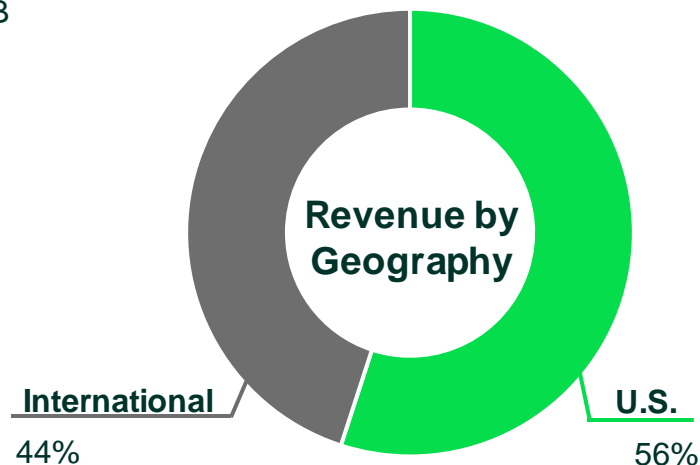
**Shareholder  
value  
creation**

# Building on a strong foundation

## Diverse and durable revenue 2023 revenue breakdown



Diversified across  
**products, segments,**  
and **geographies**



**100,000+ customers**  
and channel partners in  
**90+ countries**

## A leader with scale in attractive markets...

- A proven global leader in large, diverse and growing markets
- Diverse portfolio of strong, reputable brands and long-standing customer relationships

## And strong existing capabilities and investments...

- Technology platforms and expertise powering innovation
- Leading digital and data science capabilities and business models
- Global scale and reach supported by strong manufacturing expertise
- Attractive margins and strong cash-flow generation

**Significant opportunity to increase growth rates up to market level over time**

# Spin results in new base for key financial metrics

## Revenue

Historically consistent low single digit grower, with short-term impacts to growth

**Spin-related business continuity disruption**

**SKU rationalization**

## Adjusted operating margin

Historically solid margins impacted by separation costs

### Ongoing

- Standup functional expense
- 3M-supply agreement mark-ups
- Disentanglement for supply

### One-time (excluded for non-GAAP):

- TSA mark-ups
- One-time separation costs

## Free cash flow

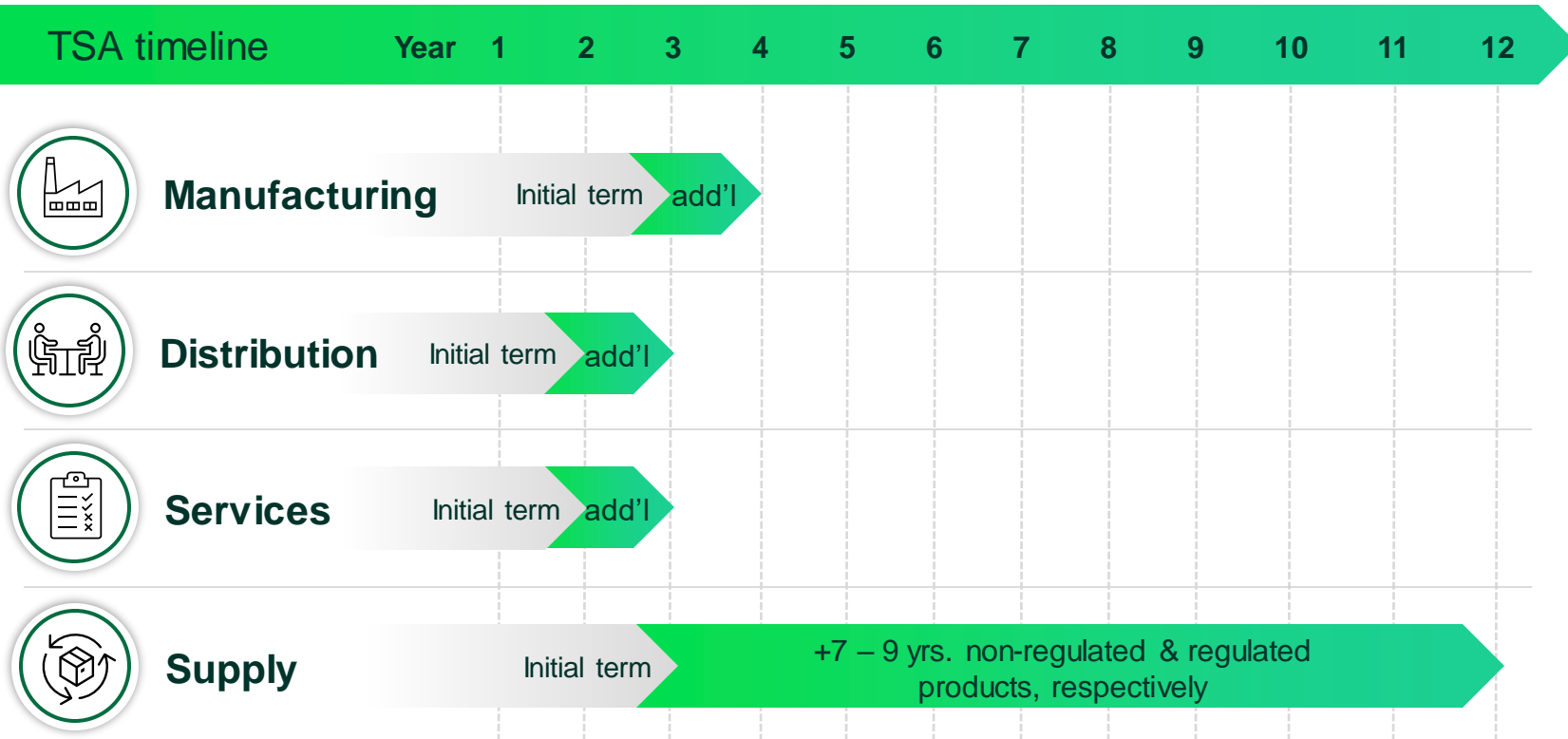
Historically strong free cash flows impacted by separation

- Interest expense from recent debt issuance
- Impact of ongoing and one-time operating margin impacts
- Increased capex for separation
- Separation-related working capital impact

Opportunity to drive significant value creation on new base

# Execute separation:

Exit TSAs & stand-up public company



## Public company stand-up costs

### Near term:

- Invest in stand-alone functions
- Separate and stand up global commercial infrastructure
- Ensure supply continuity with outsourcing or insourcing production
- One-time separation-related activity (excluded for non-GAAP)

### Longer term:

- ~\$100M risk of step-up in supply costs in 2027

Separation and investment in stand-alone functions results in new baseline adjusted operating margin

# Reposition for growth

Accelerate revenue growth

## 1 Disciplined portfolio management

- Strategic market selection focused on improving WAMGR

## 2 Strengthen commercial model and execution

- Evolve commercial model to meet local expectations
- Align culture, structure, and incentives
- Specialization and better alignment to growth drivers

## 3 Improved R&D

- Increase output of new product introductions (NPIs)
- Expand digital and data science capabilities
- Stronger alignment of central R&D with businesses and to growth drivers

## 4 Accelerate growth through M&A (bolt-on)

- Augment organic innovation through strategic M&A and partnerships
- Focus on differentiated and clinician-preferred solutions

**Capitalize  
on spin-off  
to increase growth  
rates up to market  
level over time**



# Optimize to fuel growth

Expanding margins and increasing cash flow

## Stabilize and expand margins

- Reposition to accelerate revenue growth
- Operational efficiencies:
  - Manufacturing and supply chain
  - Global functions

## Improve free cash flow

- Accelerate revenue and expand margins
- Pay down debt over time (reduced interest expense)
- Disciplined working capital management
- Prioritize capex consistent with revenue growth

Opportunity to build off strong foundation to create value





# Optimize to fuel growth

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

Dividend and share repurchase plans to be determined by Board post-spin



# Introducing FY24 guidance

**Organic revenue growth**

**-2% to 0%**

Organic revenue growth

- Spin-related disruption & SKU rationalization
- Normalized pricing environment
- Neutral FX impact

**Adjusted EPS**

**\$6.10 to \$6.40**

Adjusted EPS

- 3M-supply agreement mark-ups & stand-up functional expenses
- Adjusted operating income margin of 21-23%
- Added ~\$400M of interest expense (began in Q1 2024)
- Effective tax rate of 20-21%
- Initial share count of ~173M

**Free cash flow**

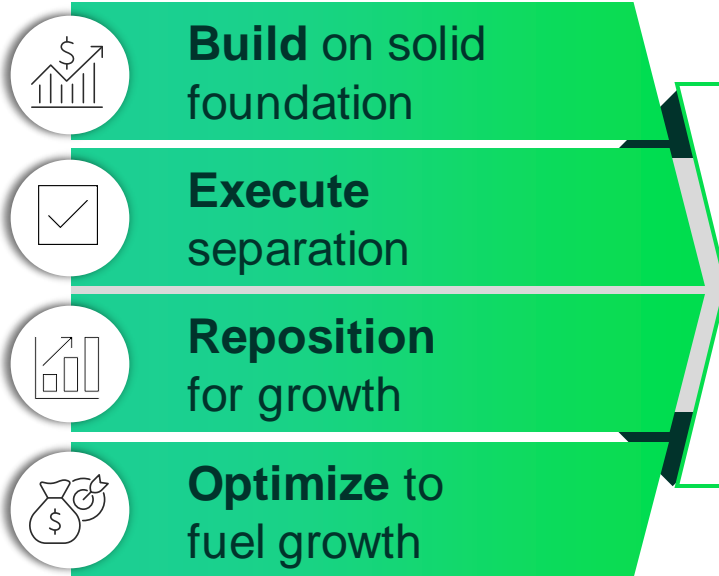
**\$700 to \$800M**

Free cash flow

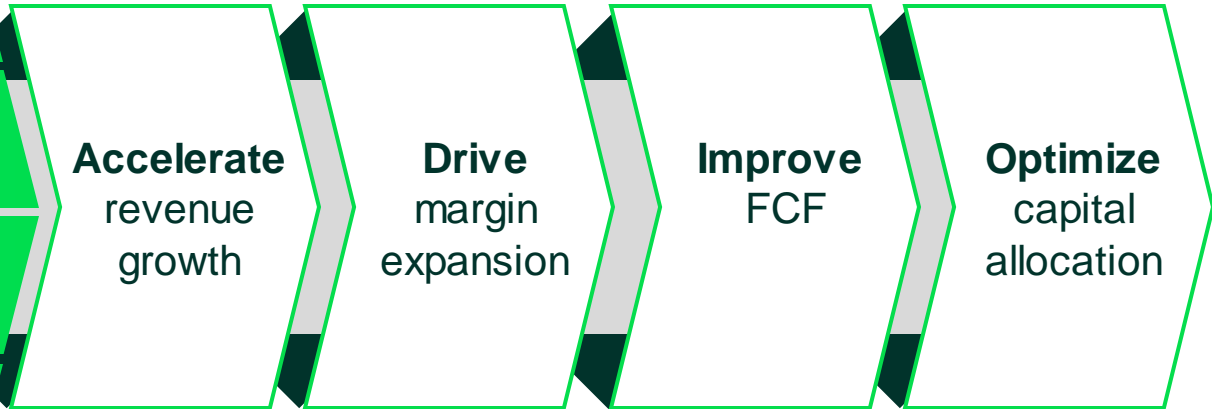
- Capex of \$400-\$500M

# Value-creation playbook

## Our actions:



## Drive key metrics:



**Shareholder  
value  
creation**

# Q&A



## Closing Remarks

Bryan Hanson | Chief Executive Officer

# Key messages



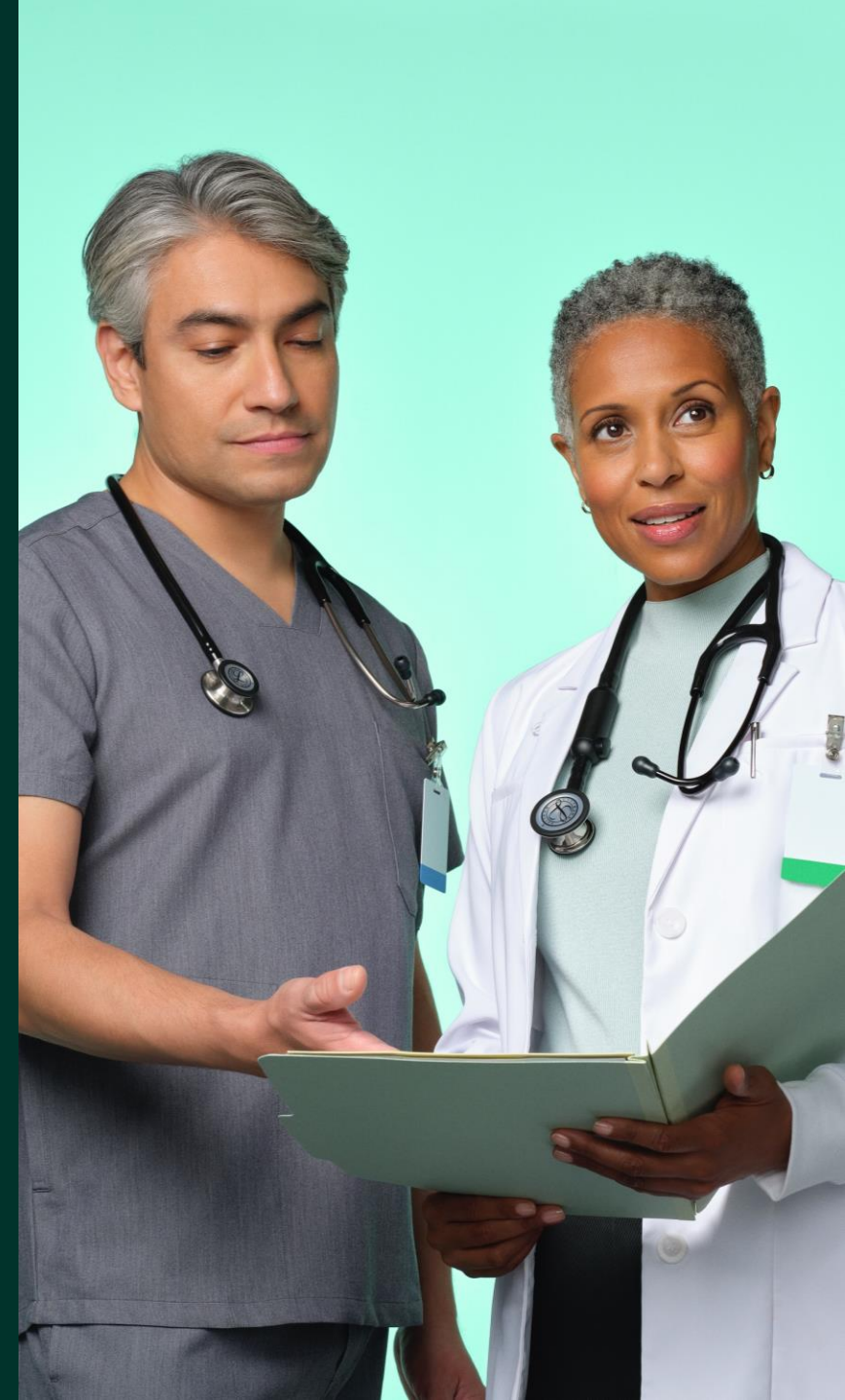
Starting from a solid foundation with the right building blocks



Address historical underperformance and spin-related topics



Unlock significant value creation over time



# Appendix

# Definitions

|        |                                     |
|--------|-------------------------------------|
| COGS   | Cost of Goods Sold                  |
| EPS    | Earnings Per Share                  |
| FCF    | Free Cash Flow                      |
| FY     | Fiscal Year                         |
| HIS    | Health Information Systems          |
| IP     | Intellectual Property               |
| M&A    | Mergers and Acquisitions            |
| NPWT   | Negative Pressure Wound Therapy     |
| R&D    | Research and Development            |
| SAM    | Serviceable Available Market        |
| TSA    | Transition Services Agreement       |
| V.A.C. | Vacuum Assisted Closure             |
| WAMGR  | Weighted Average Market Growth Rate |



# 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.

Solventum calculates forward-looking non-GAAP financial measures, including organic revenue growth, adjusted operating income margin, 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.

## Organic Revenue Growth

Organic revenue growth is defined as total net sales less the impacts of foreign currency and sales from business acquisitions or divestitures within twelve months of the transaction date.

## Adjusted Operating Income Margin

Adjusted operating income margin is defined as 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 divided by total reported revenue.

## Adjusted Earnings Per Share

Adjusted earnings per share is defined as earnings per share excluding the per share impacts of amortization of acquired intangible assets, restructuring costs, spin-off and separation-related costs and gains or losses on business divestitures.

## Free Cash Flow

Free Cash flow is defined as net cash provided by operating activities less purchases of property, plant and equipment.

# Historical annual financial measures

| (\$ in millions)                          | Historical               |          |          |
|---|--------------------------|----------|----------|
|   | Years ended December 31, |          |          |
|   | 2023                     | 2022     | 2021     |
| Net sales                                 |                          |          |          |
| Sales of product                          | \$ 6,296                 | \$ 6,300 | \$ 6,398 |
| Sales of software and rentals             | 1,901                    | 1,830    | 1,773    |
| Total net sales                           | 8,197                    | 8,130    | 8,171    |
| Operating expenses                        |                          |          |          |
| Cost of product                           | 3,023                    | 2,953    | 2,773    |
| Cost of software and rentals              | 481                      | 482      | 475      |
| Selling, general and administrative       | 2,243                    | 2,235    | 2,278    |
| Research and development                  | 758                      | 767      | 766      |
| Total operating expenses                  | \$ 6,505                 | \$ 6,437 | \$ 6,292 |
| Operating income                          | 1,692                    | 1,693    | 1,879    |
| Other expense (income) – net              | 25                       | 1        | (3)      |
| Income before income taxes                | 1,667                    | 1,692    | 1,882    |
| Provision for income taxes                | 321                      | 349      | 422      |
| Net income                                | \$ 1,346                 | \$ 1,343 | \$ 1,460 |
| Cash from (used for) operating activities | \$ 1,915                 | \$ 1,679 | \$ 2,202 |
| Other data                                |                          |          |          |
| Adjusted operating income*                | \$ 2,072                 | \$ 2,080 | \$ 2,273 |
| Free cash flow*                           | \$ 1,625                 | \$ 1,428 | \$ 1,925 |

# Historical annual non-GAAP reconciliation

| (\$ in millions)   | Historical               |          |          |
|--|--------------------------|----------|----------|
|  | Years ended December 31, |          |          |
|  | 2023                     | 2022     | 2021     |
| Operating income   | 1,692                    | 1,693    | 1,879    |
| Non-GAAP adjustments:                                      |                          |          |          |
| Add: Amortization of acquisition-related intangible assets | 365                      | 373      | 381      |
| Add: Restructuring costs <sup>1</sup>                      | 51                       | 6        | 13       |
| Add: Spin-off and separation-related costs <sup>2</sup>    | 20                       | –        | –        |
| Add: Russia exit costs <sup>3</sup>                        | –                        | 8        | –        |
| Less: Gain on business divestitures <sup>4</sup>           | (56)                     | –        | –        |
| Adjusted operating income*                                 | \$ 2,072                 | \$ 2,080 | \$ 2,273 |
| Operating income margin (U.S. GAAP)                        | 20.6 %                   | 20.8 %   | 23.0 %   |
| Adjusted operating income margin*                          | 25.3 %                   | 25.6 %   | 27.8 %   |

<sup>1</sup>Consists of severance associated with restructuring programs.

<sup>2</sup>Costs incurred in the spin-off and separation from 3M including transition support, advisory fees, and other transaction-related costs.

<sup>3</sup>Charge related to impairment of net assets in Russia in connection with 3M Company's committed exit and disposal plan.

<sup>4</sup>Gains related to the sale of businesses.

\*Non-GAAP financial measure.