

Investor Intelligence Report 3M Co

"Voice of the Shareholder"

4Q 2023 As of December 8th

Brendan Wood International
First Intelligence

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Brendan Wood & Partners

The Brendan Wood Shareholder Confidence Panel

BWI Panel
Institutional
&
Private Wealth Investors

Secondary Markets
Professionals
Research, Sales & Trading

GLOBAL PANEL
 2000+ Debriefs with Decision
 Makers
 >\$56 Trillion in Assets
 70% Sector Specialists
 30% Generalists
 Average 9 Yrs Professional
 Experience, 25% more than 15
 Years

+/- 600 Professionals, including...
 +/- 400 TopGuns

GLOBAL RESOURCES PANEL
 350+ Debriefs with Decision
 Makers
 >\$15 Trillion in Assets
 80% Sector Specialists
 20% Generalists
 Average 11 Yrs Professional
 Experience, 35% more than 15
 Years

+/- 100 Professionals, including...
 +/- 100 TopGuns

Geographic Breakdown of the BWI Panel 2023:

US	42%
Canada	21%
Europe/Middle East/Africa	32%
Pacific Rim	4%
Latin America	1%+

Global Resources Panel:

35%
34%
27%
3%
1%+

WHAT DO BRENDAN WOOD COMPANY SCORES MEAN?

METHODOLOGY

The core mission of BWI performance and quality metrics is to illustrate and explain the emerging investor “commitment to own” particular stocks.

Eleven critical performance metrics are used to determine the relative strength of investor commitment to a company as an investment target. To help investors rate companies in a sector on a relative basis “one metric at a time”, a visual technique is used. For example, the visual tool shows investors a consensus vertical hierarchy representing how each investment target company in a sector is rated by investors against a criterion such as “Quality of Strategy” ... AS AN INFLUENCE ON THE INVESTOR COMMITMENT TO OWN THE NAME. The investor is then asked to adjust the consensus rating hierarchy to match their own particular view of how each company scores against the “Quality of Strategy” criterion. They may agree or disagree with the consensus. The investor then makes their personal adjustments which are added to our cumulative data instantly. To make this task fast and accurate the visual scoring hierarchy is broken down into top decile, four quartiles and a bottom decile, therefore six potential levels of performance against each investment selection criterion. The quartile display is instantly recognizable by investors as indicating both absolute and relative bases of the influence of a company’s level of competitive performance against a critical investment selection criterion.

The above methodology forces the (dependent variable) absolute benchmark of “commitment to own” on each quality of a corporate investment target.

WHY A COMPANY SCORE MAY BE FIRST IN ITS SECTOR BUT RATE IN THE SECOND QUARTILE?

This means that the sector itself (all companies included) ranks in the second quartile or below of investor selection attractiveness against a particular criterion of investability.

ADVANTAGE OF BRENDAN WOOD INTERNATIONAL METHODOLOGY?

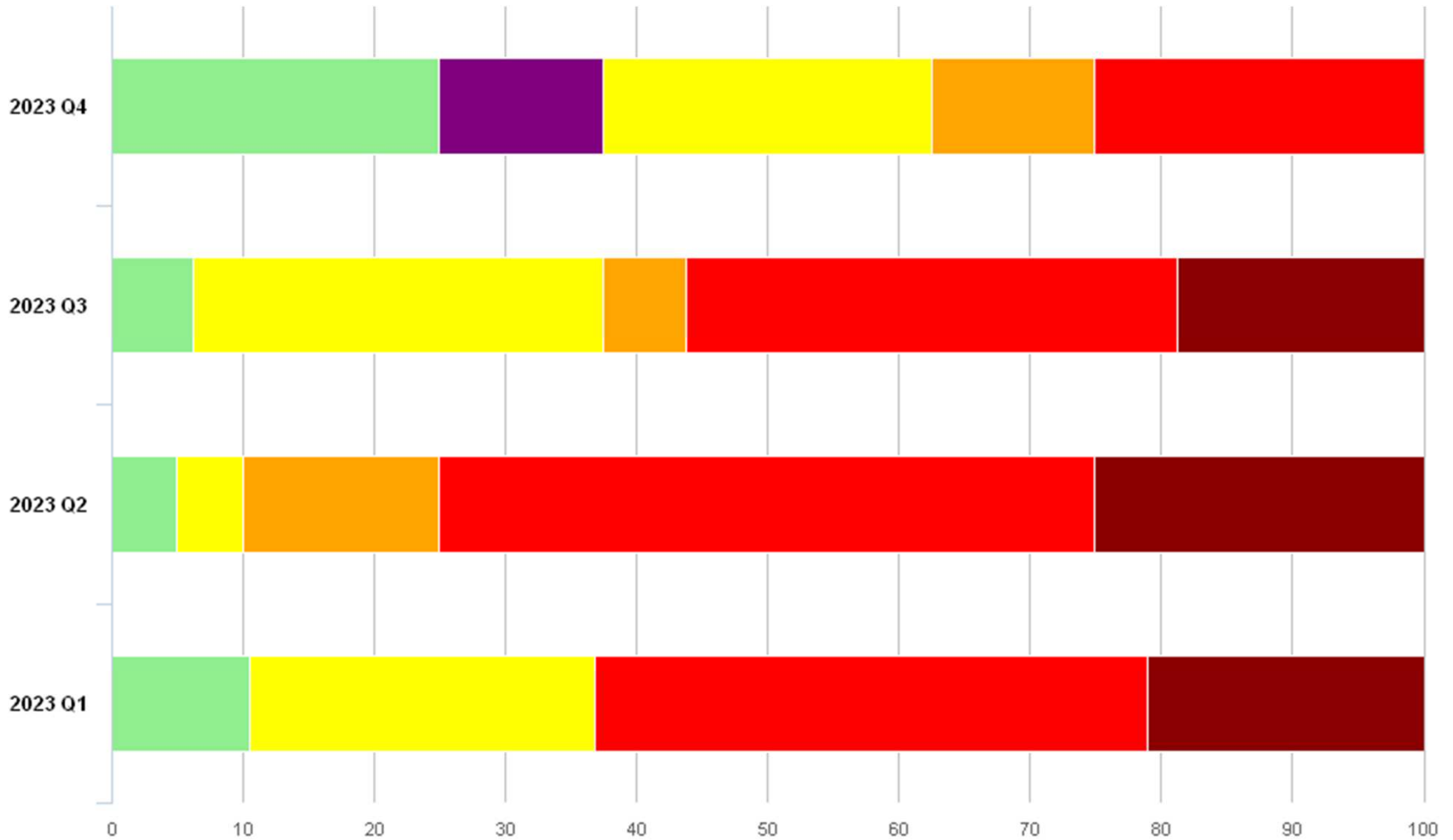
This process identifies the emerging competitiveness of individual sectors, sub-sectors and most importantly of companies as investment targets on both an absolute and relative ‘best in sector’ basis against investors’ selection criteria for the year ahead. Such calibrated data allows BW partners to help corporate management to accurately analyze their company’s attractiveness as a target for the year ahead as an individual story and relative to its comparables and sector. The isolation of performance against individual metrics enables management to identify and address the key metrics which drive the “commitment to own” their particular stock.

APPARENT CONDICTION BETWEEN QUARTERLY RESULTS AND ROLLING YEAR RESULTS?

Quarterly results = the results in the quarter. Rolling years results = the results for a full year of data.

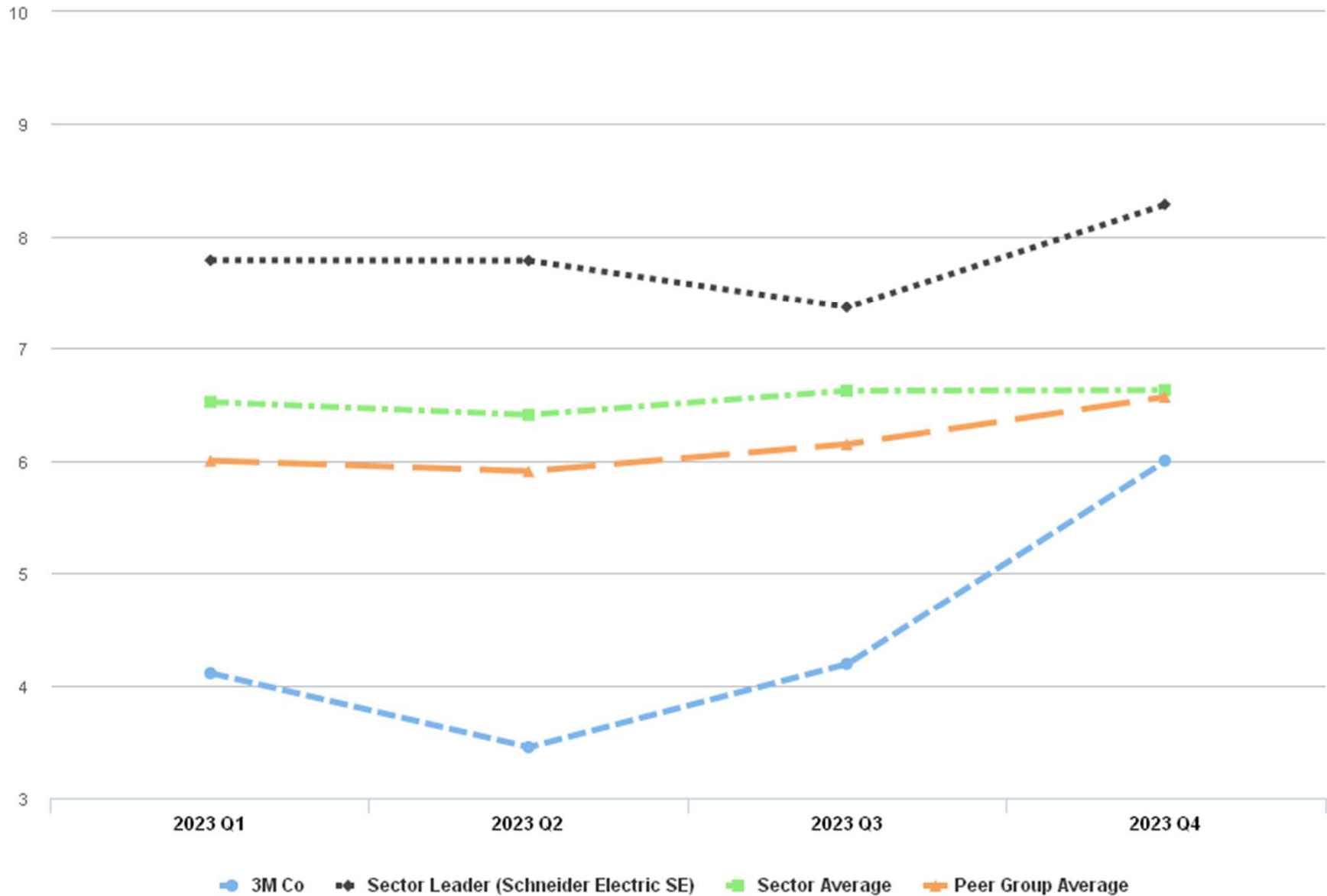
What is Your Commitment to Own This Stock in The Year Ahead?

3M Co



- 1. Do not Own, Serious Lack Confidence in the Company
- 2. Do not Own, Lack Confidence in the Company
- 3. Own it, Selling it due to Decreasing Confidence
- 4. Neutral, Benchmark it but DO NOT see company as a Target
- 5. Own it with Confidence BUT DOWNSIZING to re-weight portfolio
- 6. Own it or Intend to Own it
- 7. Own it with Increasing Confidence

What is Your Commitment to Own This Stock in The Year Ahead?



Shareholder Confidence Metrics

3M Co's Performance Vs 3M Co Peer Group

3M Co Peer Group

3M Co

Carlisle Companies Inc

Fastenal Company

Honeywell International Inc

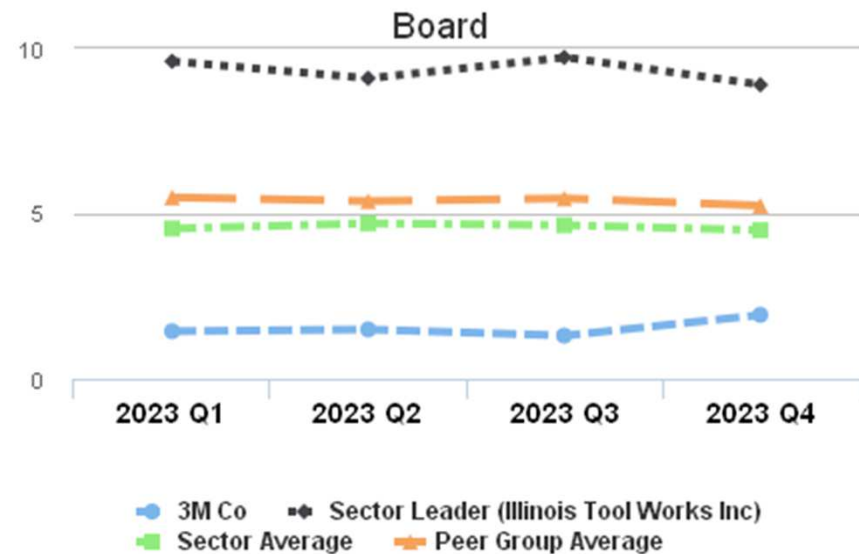
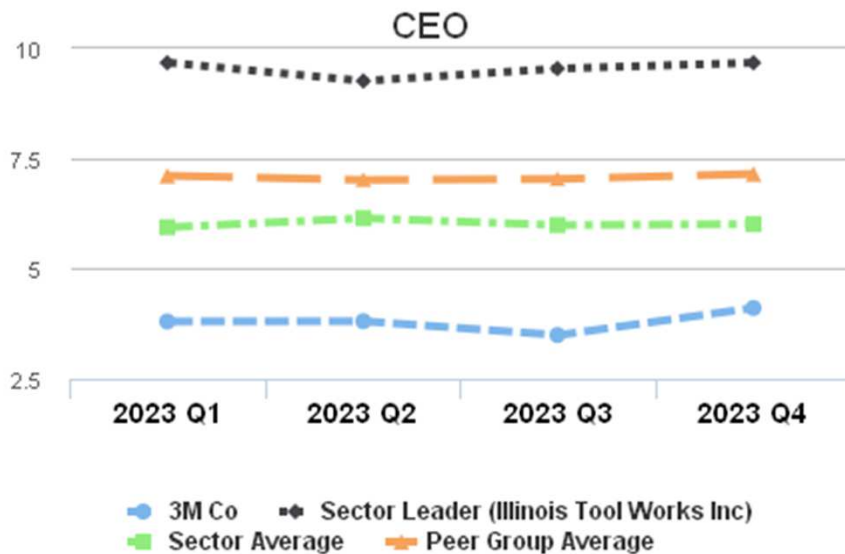
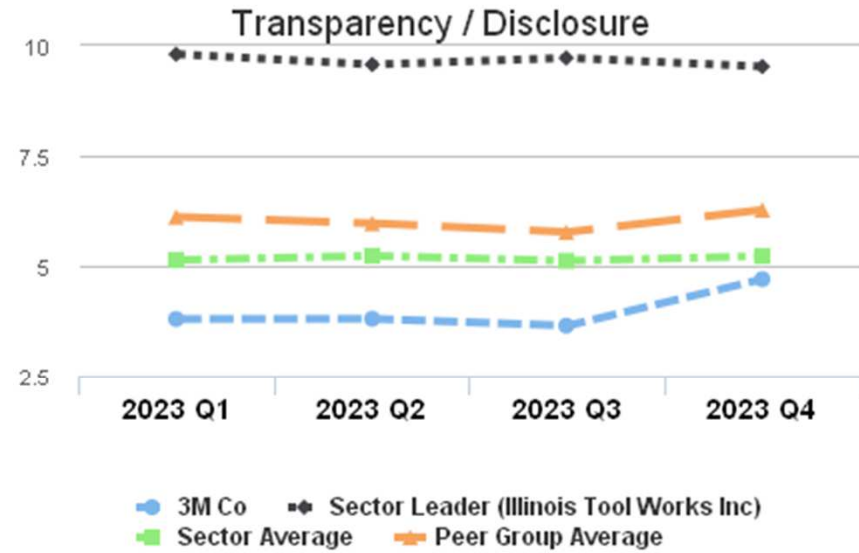
Illinois Tool Works Inc

Johnson Controls International PLC

Trane Technologies plc

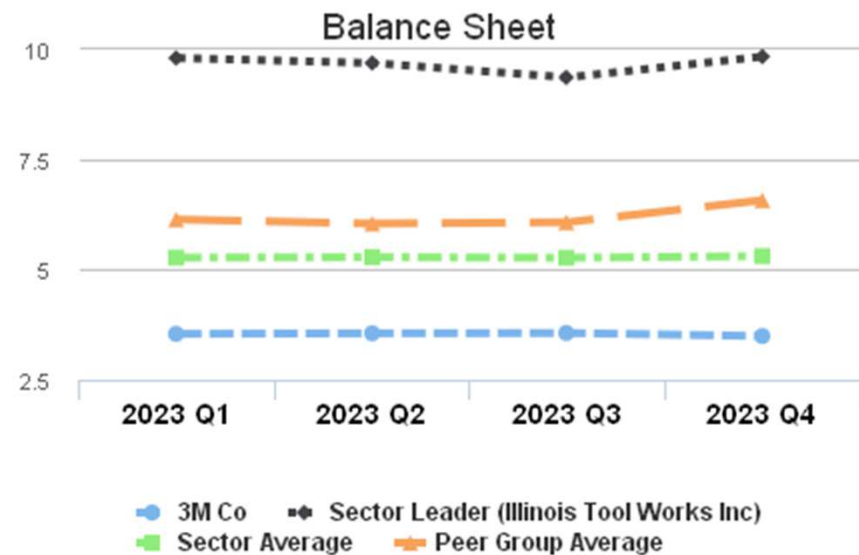
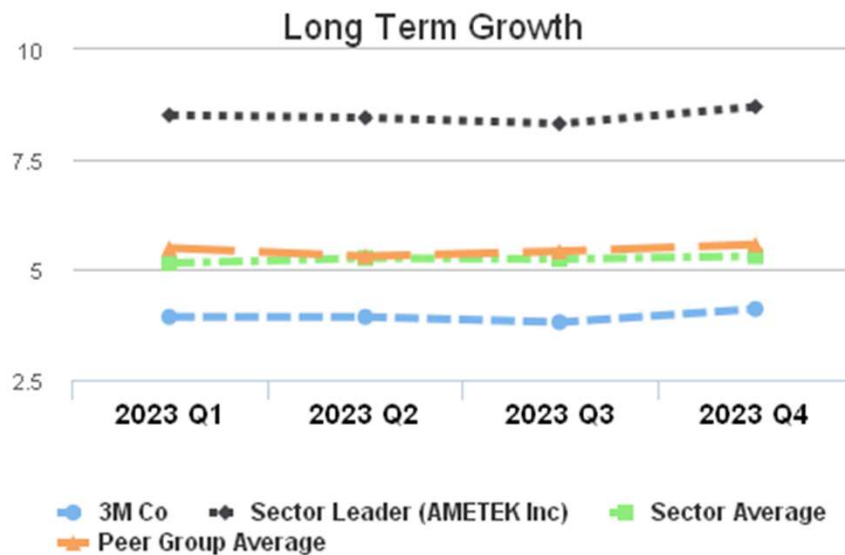
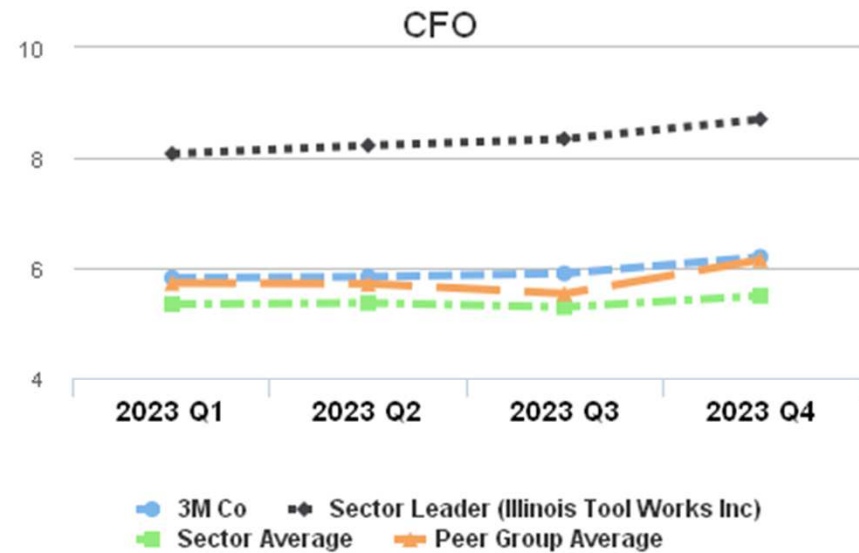
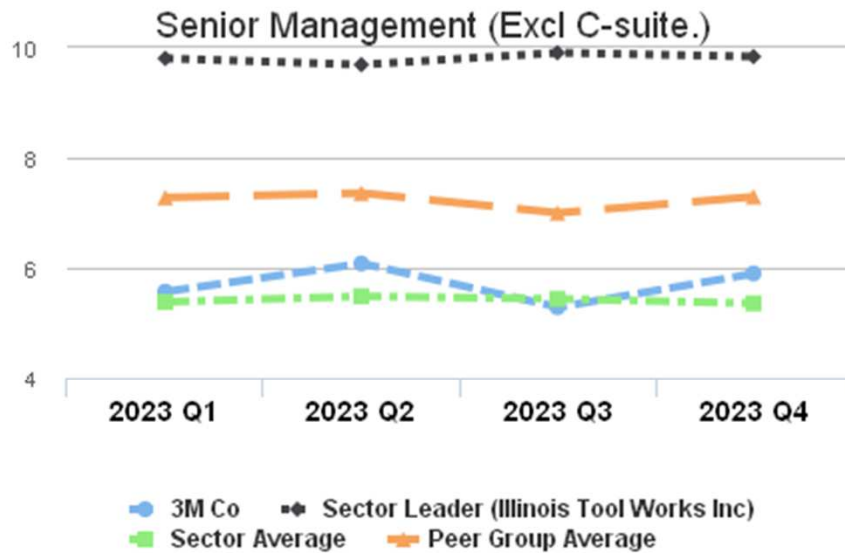
Shareholder Confidence Metrics Forecast for the Year Ahead

Quarter over Quarter Results



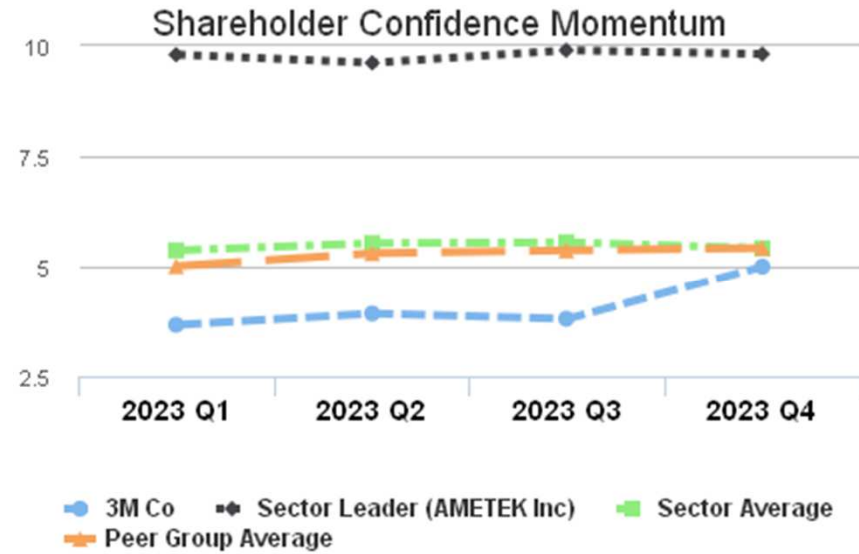
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Quarter over Quarter Results



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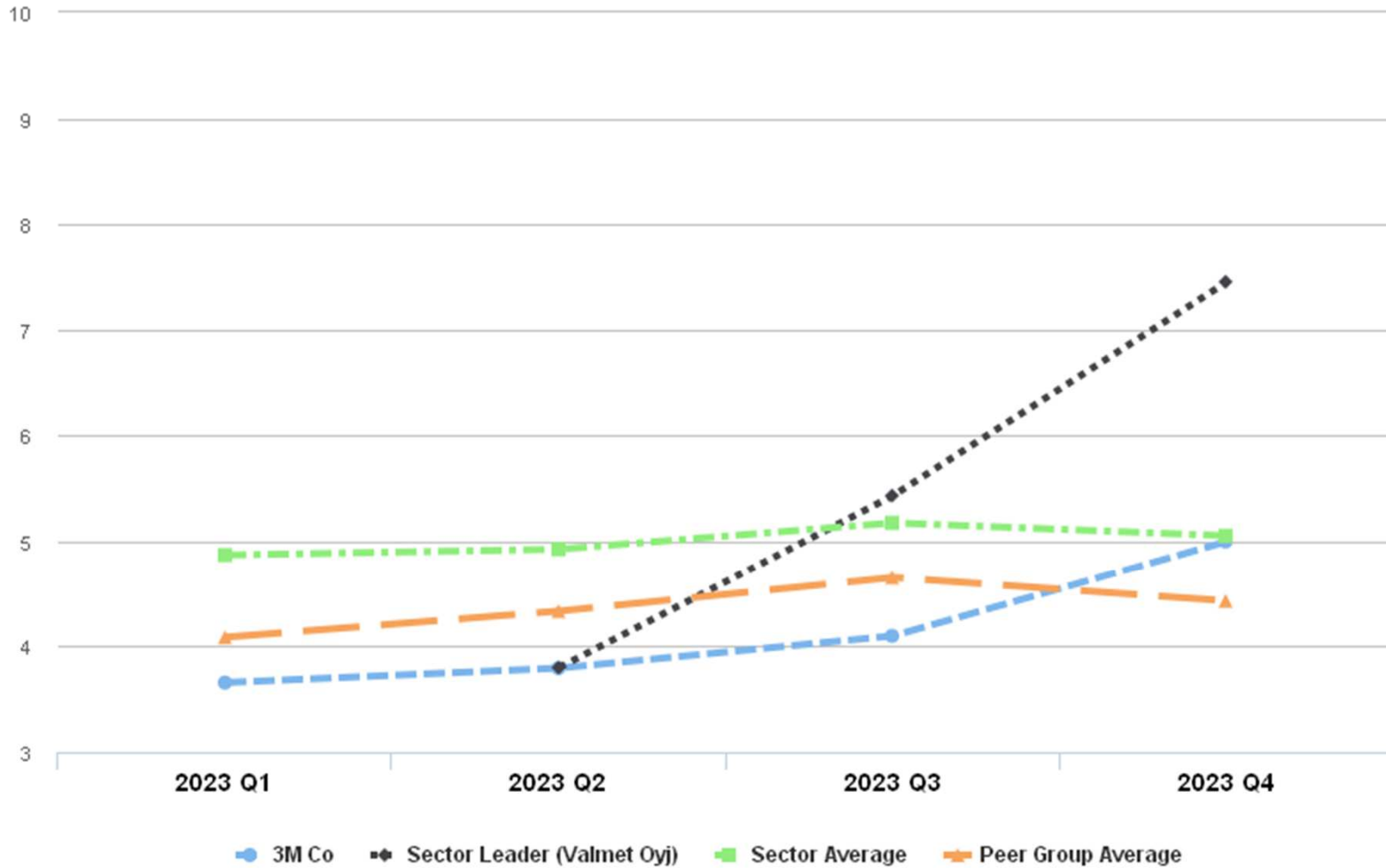
Quarter over Quarter Results



Shareholder Confidence Metrics Forecast for the Year Ahead

Quarter over Quarter Results

Price Appreciation Potential



Typical Investor Verbatim

Positive Momentum Verbatim

"3M is going to get cleaned up over time."

"3M is getting interesting because they will be breaking it up. They are separating some pieces, which sometimes can unlock opportunities."

"3M's CFO is spot on. He is quite specific and direct when you are asking him questions. It is that kind of situation why I think people think he is much better relative to the CEO in that regard."

"There was a lot of disruption in the supply chain which hit 3M pretty hard and more than other companies. The company is really starting to deliver and they have promised that things will get better in the coming quarters which hasn't been the case up until now."

"3M is very transparent. They are doing everything they can. I like that they're honest. There isn't much more that they can do."

"3M is working off debt and they are becoming increasingly better financed. The portfolio of assets they have and the sector they work in is quite conservative. Therefore, there is not too much growth opportunity, but they are becoming financially more stable, and it has proven quite effective."

"3M is cheap and if 2 things are solved it can grow into a quality company again."

"3M does a good job with portfolio management. What they have been doing makes sense. However, I dislike the low quality of their balance sheet."

"I have confidence in 3M's reporting."

Typical Investor Verbatim

Positive Momentum Verbatim

“3M was always a quality company, and I think they will become one again.”

“I think 3M is going to turn around the company in the next 2 or 3 years. I hope they revise the share buybacks and they are making the right moves in terms of what they buy into the company and what they sell out of the company. I wouldn't buy it right now, but I am prepared to buy it”

Typical Investor Verbatim

Neutral Momentum Verbatim

“3M is getting a bit cleaner. Incrementally, I am inclined to view it more favourably. I'm not there yet to pull the trigger.”

“I have always perceived 3M as having a positive culture, but for some reason, there were problems in that company they were never allowed to be surfaced and addressed.”

“I'd like to think that the problems that 3M found were just that. The balance sheet isn't as strong as it was because you have to recognize all of these future liabilities. I don't think they're going to do any big acquisitions soon. They just have to get past their current problems. In terms of other parts of the world, the global electronic supply chain is in Asia, so anything disruptive to that disrupts 3M. In terms of the contamination, they've already recognized they've got this liability as there's a number on it now.”

“The biggest problem about 3M isn't the execution, but rather the legal issues.”

“3M wants to be a turnaround but isn't one yet. It might take a while.”

“It will probably still take some time for 3M to resolve the PFAS issue. If we get more certainty about this liability, it would be good, and the consumer recession is probably priced in. I don't think they will go bankrupt.”

“I always meet with the CEO or the CFO, so I don't know the management team. They are very transparent with the liabilities they have.”

Typical Investor Verbatim

Neutral Momentum Verbatim

"Operationally, I think of 3M as a turnaround because they also have the challenges there but in my point of view the negativity comes from the legacy and the litigations and things. Of course, I think this will be something that takes years to overcome, but relative to the size of potential payments it will be much less than what they pay now for the water utilities. That is my assumption. With regards to the operations, they had their issues there as well, but I think that they had to deal with more supply chain issues than any other company was faced with. Q2 and Q3 were from a margin perspective, quite promising and it is turning more to the positive, which is why I see the company as not as bad as many other investors think of it. The company has negatively surprised the market for the last couple of years quite a few times and there were quarters in between where they surprised on the upside. I think that it is still a wait and see. They have to deliver in the next few quarters to restore confidence and integrity."

"3M is going to grow massively in the short term. They just put up a massive quarter, but it is still a stock I won't own."

Typical Investor Verbatim

Negative Momentum Verbatim

“3M's senior management can't do anything about this litigation, which they will be carrying around for decades. They inherited that stuff. I am not a fan of the share buybacks or the management team. I don't like them.”

“3M and Stanley Black & Decker would benefit from a board refresh.”

“3M's CEO could be replaced; things haven't been good internally or externally.”

“3M is very messy. I wouldn't expect them to be able to pull off a turnaround.”

“The way 3M operates is bad, even forgetting the liabilities. They used to be a great company, but they need a whole new management group and a new board of directors.”

“They basically poisoned the drinking water forever. I would say they are a morally bankrupt company.”

“3M's board has an independent director, and my point of view is that his time is over, and he should retire. He is not as energetic as he needs to be in a very difficult situation.”

“3M's CEO isn't really outspoken. He doesn't use the right words. He isn't very specific when he is talking and therefore, he is quite generic in his answers. He doesn't really answer your questions. It's not the most helpful when you are speaking to him.”

“I am not saying 3M will go bankrupt, but they do have heavy liabilities.”

“I have lots of concerns with 3M. They have probably one of the highest levels of leverage in the space and the handling of that is a big deal. It's a lot of work and there is a lot of known financial liabilities as well they have to manage. Their CFO has a much more complex job than other CFOs. However, the overall company strategy is bad.”

Typical Investor Verbatim

Negative Momentum Verbatim

“The way 3M has been handling the litigation is such a huge overhang on the stock.”

“We'll probably never own 3M. We lack confidence in the company's ability to generate returns over time.”

“3M's CEO, Mike Roman, is not handling this litigation right. He should have settled earlier rather than fight to the end.”

“3M is unfortunately dismantling to pay litigation costs, not unlock value.”

“3M's CEO should be fired.”

“I don't have evidence yet that shows that 3M's CEO, Mike Roman, knows what he's doing.”

“A lot of people like to sue 3M, and they don't always win their lawsuits.”

“3M is going to get whacked because of the dollar. They get impacted more than anyone by a strong dollar because 2/3 of their assets are U.S, so that's a mismatch of 30-something percent of fixed cost. So, when 30% of their cost base appreciates by 15%, that's 400-500 basis points that they have to deal with.”

“I have no idea what 3M is doing right now. They don't have a strategy.”

“3M has fallen so far. The CEO, Mike Roman, was handed a mess.”

“With 3M's liability out there, it's hard to have confidence in the balance sheet.”

“With 3M there is not much that management can do than just to wait because there is so much uncertainty.”

Typical Investor Verbatim

Negative Momentum Verbatim

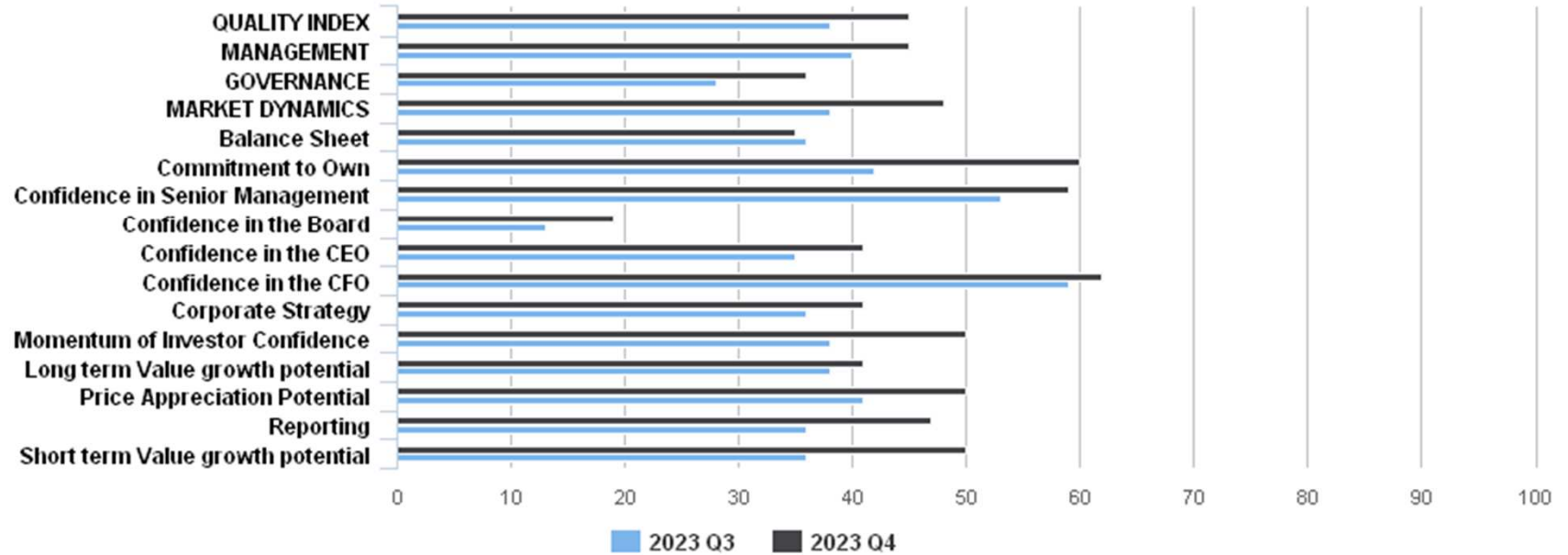
"3M's stock price decline was one of the stronger ones, and usually that's a good buying opportunity, but the company has some issues."

"3M is a company where I have more visibility. In the past few months, we had some contact with some board members there, and they left the impression that they are not responsive to what is going on in the company."

Quarter over Quarter Results

Forecast for the Year Ahead

3M Co



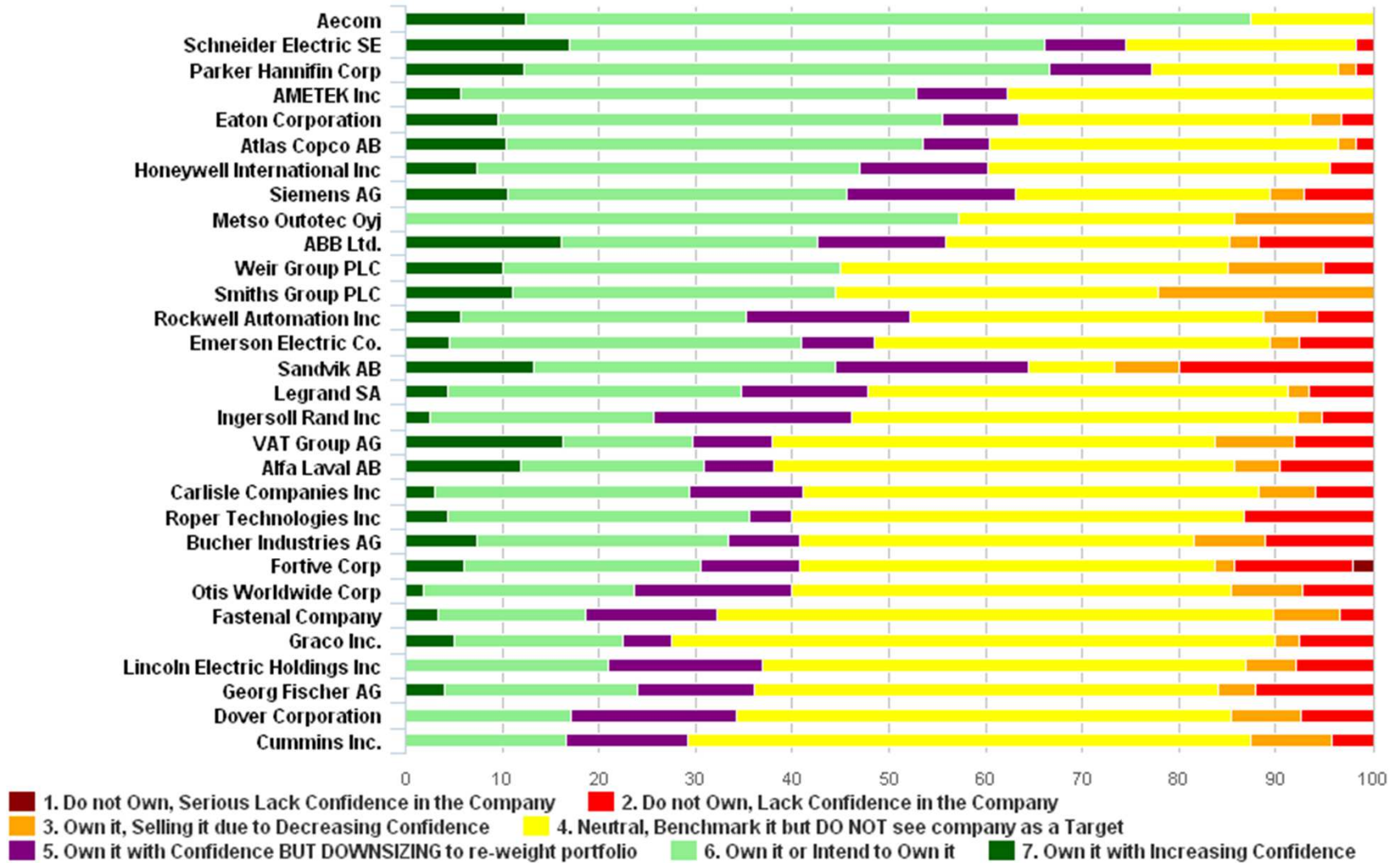
Rolling Year Data*

*Rolling Year Data = Accumulation of the rolling 12 month intelligence from the
BWI Shareholder Confidence Panel

What is Your Commitment to Own This Stock in The Year Ahead?

Rolling Year Data

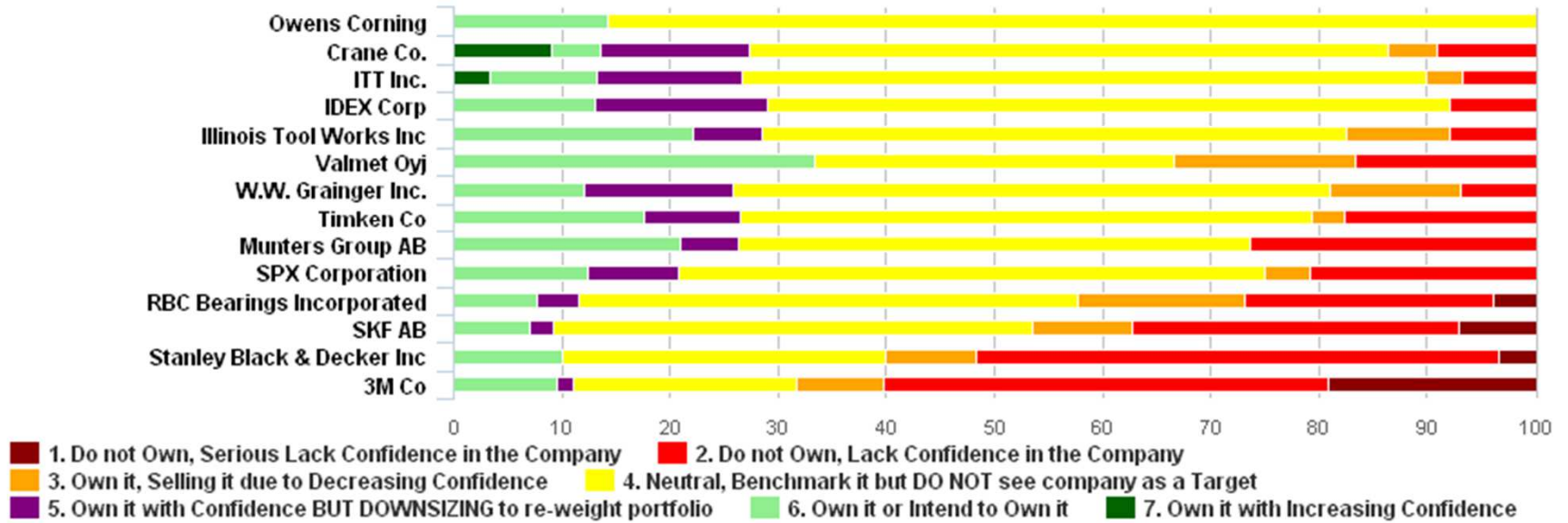
Buyers/Sellers by Sector



What is Your Commitment to Own This Stock in The Year Ahead?

Rolling Year Data

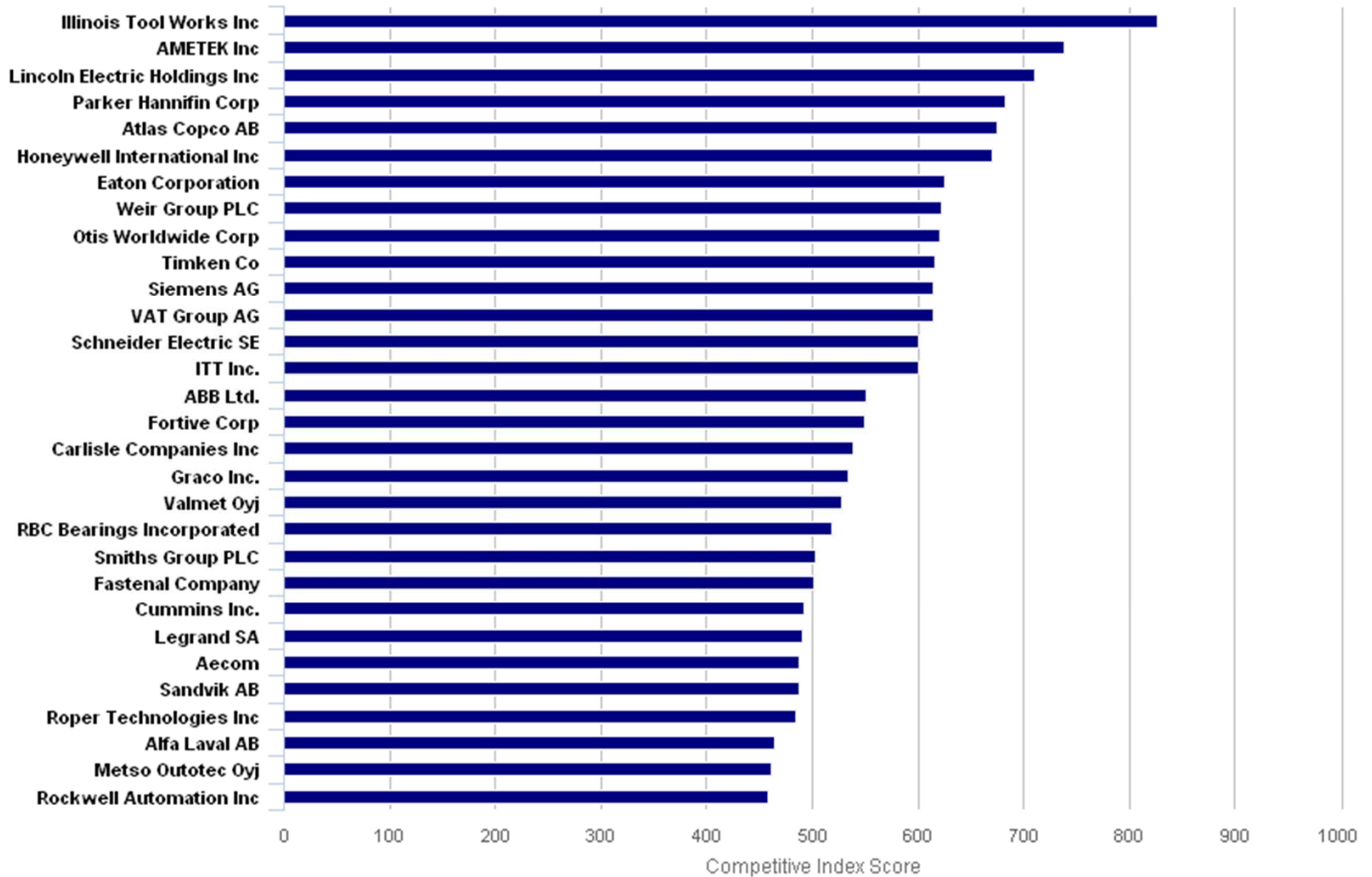
Buyers/Sellers by Sector



Shareholder Confidence Competitive Index

Global Investors - Investment Quality Index

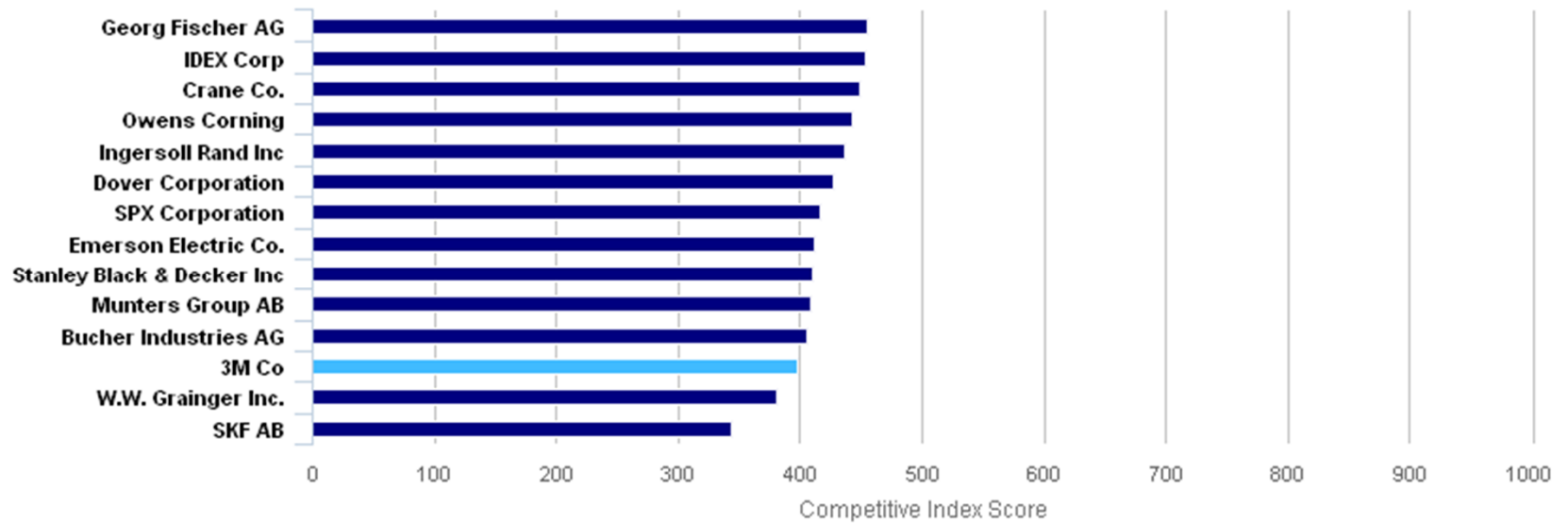
Rolling Year Data



Shareholder Confidence Competitive Index

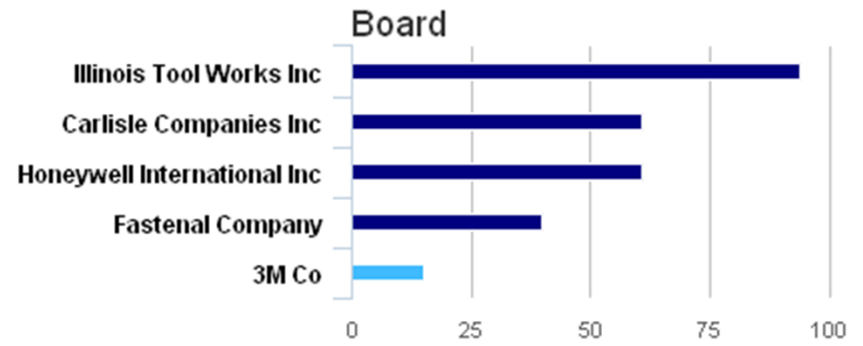
Global Investors - Investment Quality Index

Rolling Year Data



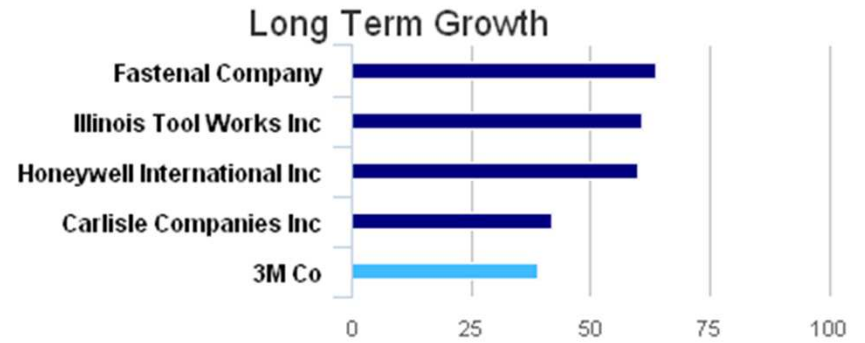
3M Co vs. Comparables Forecast for the Year Ahead

Rolling Year Data



3M Co vs. Comparables Forecast for the Year Ahead

Rolling Year Data



3M Co vs. Comparables Forecast for the Year Ahead

Rolling Year Data

