



Q4 FY24 earnings presentation

February 27, 2025



Forward-looking statements and use of document

This presentation and other materials Solventum has filed or will file with the SEC (and oral communications that Solventum may make) contain or incorporate by reference statements that relate to future events and expectations and, as such, constitute forward-looking statements that involve risk and uncertainties. Forward-looking statements include those containing such words as “anticipates,” “believes,” “could,” “estimates,” “expects,” “forecasts,” “goal,” “guidance,” “intends,” “may,” “outlook,” “plans,” “projects,” “seeks,” “sees,” “should,” “targets,” “will,” “would,” or other words of similar meaning. All statements that reflect Solventum’s expectations, assumptions or projections about the future, other than statements of historical fact, are forward-looking statements, including, without limitation, forecasts relating to discussions of future operations and financial performance (including volume growth, pricing, sales and earnings per share growth and cash flows) and statements regarding Solventum’s strategy for growth, future product development, regulatory clearances and approvals, competitive position and expenditures. Forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties, and changes in circumstances that are difficult to predict. Although Solventum believes that the expectations reflected in any forward-looking statements it makes are based on reasonable assumptions, it can give no assurance that these expectations will be attained and it is possible that actual results may differ materially from those indicated by these forward-looking statements due to a variety of risks and uncertainties. Such risks and uncertainties include, but are not limited to: (1) the effects of, and changes in, 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 our reputation or our 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, Foreign Corrupt Practices Act (FCPA) and other anti-bribery laws, environmental laws, anti-kickback and false claims laws, privacy laws, tax laws, and other laws and regulations in the United States and other countries in which Solventum operates; (15) potential liabilities related to a broad group of perfluoroalkyl and polyfluoroalkyl substances, collectively known as “PFAS”; (16) risks related to the highly regulated environment in which Solventum operates; (17) risks associated with product liability claims; (18) climate change and measures to address climate change; (19) security breaches and other disruptions to information technology infrastructure; (20) Solventum’s failure to obtain, maintain, protect, or effectively enforce its intellectual property (“IP”) rights; (21) pension and postretirement obligation liabilities; (22) any failure by the 3M Company (“3M”) to perform any of its obligations under the various separation agreements in connection with the separation from 3M (the “Spin-Off”); (23) any failure to realize the expected benefits of the Spin-Off, and/or that the Spin-Off will not be completed within the expected time frame, on the expected terms or at all; (24) a determination by the IRS or other tax authorities that the distribution or certain related transactions should be treated as taxable transactions; (25) expected 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 Spin-Off on its businesses and the risk that the Spin-Off may be more difficult, time-consuming or costly than expected, including the impact on its resources, systems, procedures and controls, diversion of management’s attention and the impact on relationships with customers, suppliers, employees and other business counterparties.

The above list is not exhaustive or necessarily set forth in the order of importance. Forward-looking statements are based on certain assumptions and expectations of future events and trends, and actual future results and trends may differ materially from historical results or those reflected in any such forward-looking statements depending on a variety of factors. Solventum assumes no obligation to update or revise such statement, whether as a result of new information, future events or otherwise, except as required by applicable law. A further description of these factors is located under “Cautionary Note Regarding Forward-Looking Statements” and “Risk Factors” in Solventum’s Annual Report on Form 10-K for the year ended December 31, 2024. 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 Q4 or full year FY24 financial performance. Therefore, please read additional relevant material including our Earnings Release dated February 27th, 2025, which can be found at our investor relations website investors.solventum.com, and Form 10-K annual report for the year ending December 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



Q4 financial summary:¹

- Net sales of \$2.1B +1.9%, organic sales growth of +2.3%
- Adjusted EPS of \$1.41 on 20.4% operating margins
- FCF of \$92M



2024 financial summary:¹

- Net sales of \$8.3B +0.7%, organic sales growth of +1.2%
- Adjusted EPS of \$6.70 on 22.0% operating margins
- FCF of \$805M



Executing against business transformation:

- Anticipate sale of P&F segment for \$3.4B net proceeds will close in 2H 2025
- Net proceeds from sale will primarily be used for debt paydown
- Neutral to 2025 EPS



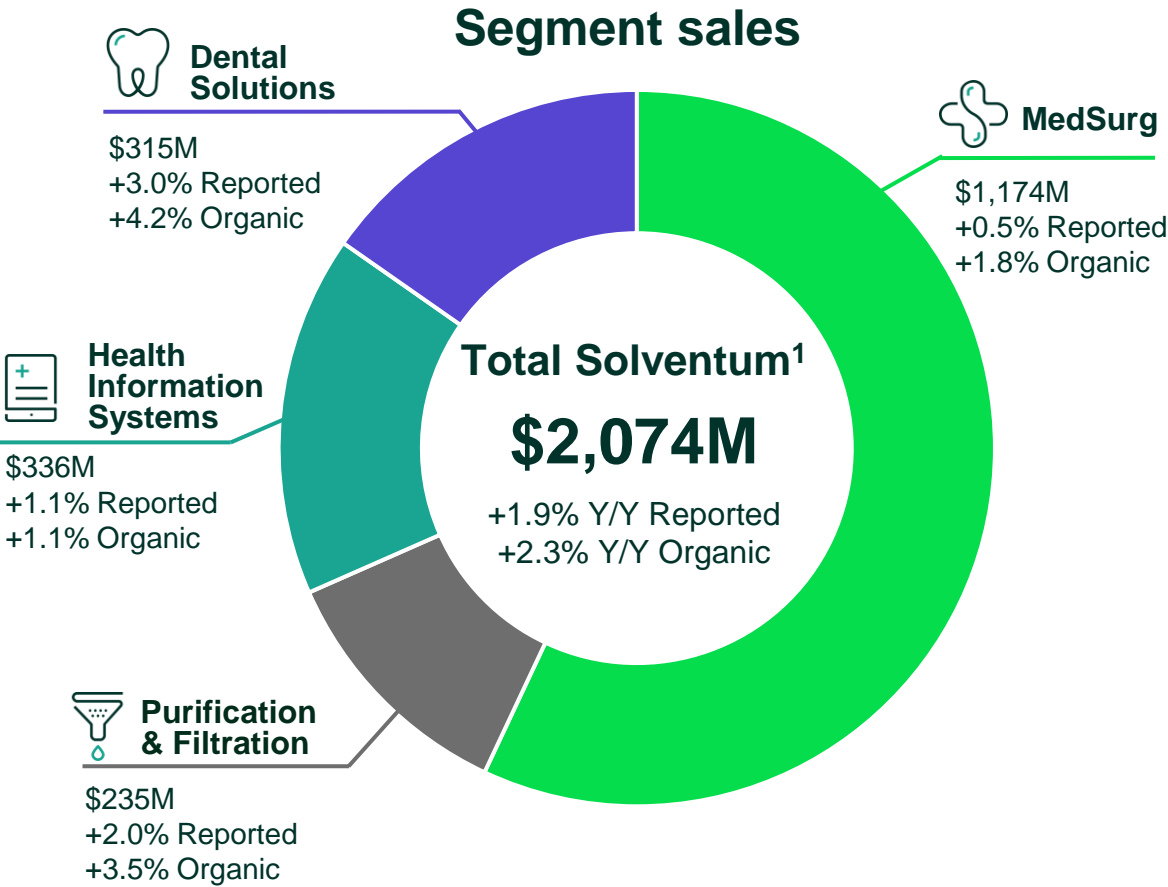
Initiating FY25 guidance:

- Organic sales growth +1.0% to +2.0%; +1.5% to +2.5% normalized ex-SKU exit impact of 50bps
- Adjusted EPS of \$5.45 to \$5.65 includes expected FX headwinds
- FCF of \$450M to \$550M; includes expected separation costs and capex investments

Note: guidance does not include financial impact of P&F sale; will update following close



Q4 FY24 Financial summary



¹Corporate and unallocated includes sales from products supplied to 3M and other supply agreements related to legacy 3M non-health care business that were assumed by the company at spin-off.

Key metrics

	GAAP	non-GAAP ²
Operating margin	6.6%	20.4%
EPS	\$0.17	\$1.41
Cash from operations / Free cash flow ²	\$219	\$92

²See non-GAAP financial measures and reconciliation schedules in the appendix of this document.

MedSurg summary

Q4 financial results	Q4 FY24	Q4 FY23	Y/Y
Net sales	\$1,174M	\$1,168M	Reported +0.5% Organic +1.8%

Segment drivers:

- Organic growth led by Medical OEM and Advanced Wound Care
- Negative pressure wound therapy (NPWT) growth driven by consumables and continued market adoption of single-use NPWT



V.A.C.® Peel and Place Dressing first-ever up to 7-day wear time dressing for 3M™ V.A.C.® Therapy that can be applied in less than 2 minutes on average¹

¹In a simulated use test with 12 nurse and surgeon users.

Dental Solutions summary

Q4 financial results	Q4 FY24	Q4 FY23	Y/Y
Net sales	\$315M	\$306M	Reported +3.0% Organic +4.2%

Segment drivers:

- Volume driven improvement benefited from combination of easing year-over-year comparison and early adoption of recent product launches



3M™ Filtek™ Easy Match Universal Restorative
a simplified shading system designed to streamline single-shade restorations from the start – all while providing the flexibility you need to find a match for most patients

Health Information Systems summary

Q4 financial results	Q4 FY24	Q4 FY23	Y/Y
Net sales	\$336M	\$332M	Reported 1.1% Organic 1.1%

Segment drivers:

- Organic growth driven by continued adoption of revenue cycle management partially offset by declines in clinician productivity solutions



Solventum™ 360 Encompass™
Computer-Assisted Coding System combines coding and reimbursement processes along with workflow improvements

Purification & Filtration summary

Q4 financial results	Q4 FY24	Q4 FY23	Y/Y
Net sales	\$235M	\$230M	Reported 2.0% Organic 3.5%

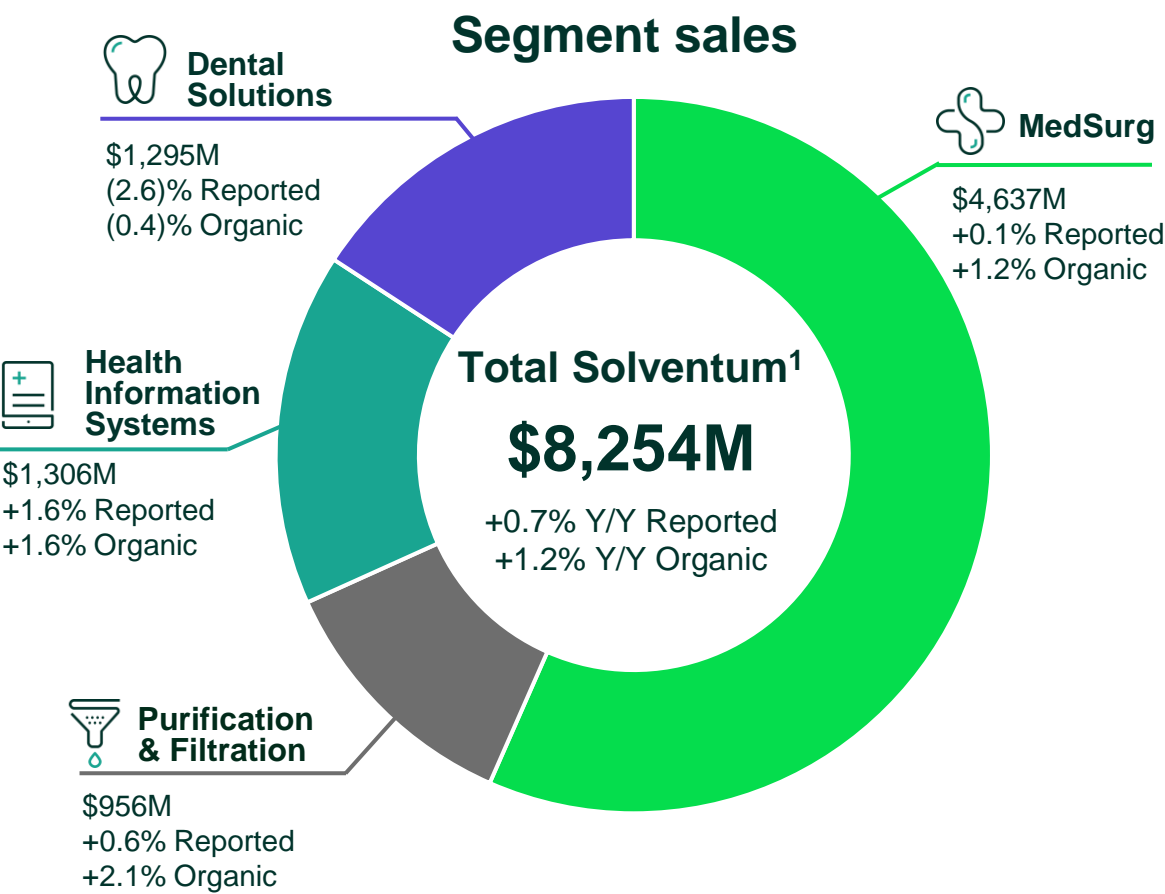
Segment drivers:

- Continued strength in bioprocessing filtration and added capacity for industrial filtration offset by volume pressure in membranes



Harvest RC Centrate Chromatographic Clarifier improves biopharmaceutical manufacturing product yields with differentiated technology that enables faster speed to market

FY24 Financial summary



¹Corporate and unallocated includes sales from products supplied to 3M and other supply agreements related to legacy 3M non-health care business that were assumed by the company at spin-off.

Key metrics		
	GAAP	non-GAAP ²
Operating margin	12.6%	22.0%
EPS	\$2.76	\$6.70
Cash from operations / Free cash flow ²	\$1,185	\$805

²See non-GAAP financial measures and reconciliation schedules in the appendix of this document.

FY2025 financial guidance and considerations

Organic sales growth

+1.0% to +2.0%

*+1.5% to +2.5% excluding ~50bps of
SKU exit impact*

Adjusted EPS

\$5.45 to \$5.65

Free cash flow

\$450M to \$550M

Additional considerations:

- **FX Impact:** ~150bps Sales Growth headwind
- **Operating Margin:** 20% to 21% with improvement during the year
- **Net Interest Expense:** ~\$450M includes one additional quarter of spin-related debt (will update pending close of divestiture)
- **Tax rate:** 20% to 21%
- **Capex:** \$350M to \$450M

Note: Solventum's prior year 2024 includes Q1 2024 reported as a carve-out with the remainder of the year as a stand-alone company starting April 1, 2024.

Appendix

Non-GAAP financial measures

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 and reconciliations 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 (and organic sales growth) to the most directly comparable GAAP measure can be found in Solventum's February 27, 2025, press release.

Solventum calculates forward-looking non-GAAP financial measures, including organic sales growth, adjusted earnings per share, free cash flow, and adjusted tax rate 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, and the 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.

The Q4 2024 and full year 2024 financial statements and financial information, including reconciliations of non-GAAP financial measures, are available on Solventum's website: investors.solventum.com.

Q4 FY24 detailed non-GAAP reconciliation and free cash flow

(Millions, except per share data)	Q4 FY24 GAAP	Amortization	Restructuring	Spin-off & separation-related costs	Legal entity restructuring	Q4 FY24 non-GAAP
Net sales	2,074					2,074
Gross margin	1,119		23	24		1,167
% of sales	54.0%		1.0%	1.2%		56.2%
R&D	199	(42)	(7)	(5)		145
% of sales	9.6%	(2.0%)	(0.3%)	(0.2%)		7.0%
SG&A	784	(46)	(35)	(103)		600
% of sales	37.8%	(2.2%)	(1.7%)	(5.0%)		28.9%
Operating expense ¹	983	(88)	(42)	(108)		745
Operating income	136	88	65	132		422
Operating income margin	6.6%	4.2%	3.1%	6.4%		20.4%
Interest expense, net	107					107
Other non-op. expense/(income), net	16					16
Income before income taxes	13	88	65	132		299
Provision for income taxes	(18)	15	12	33	10	52
Net income	30	73	53	99	(10)	247
Diluted EPS	\$0.17	\$0.42	\$0.30	\$0.57	\$(0.06)	\$1.41

Free cash flow (millions)	Q4 FY24
Net cash provided by/(used in) operating activities	219
Purchases of property, plant and equipment	(127)
Free cash flow	92

¹Operating expense includes the combination of selling, general and administrative expenses and research and development expenses line items from the Consolidated Statements of Income

FY24 detailed non-GAAP reconciliation and free cash flow

(Millions, except per share data)	FY24 GAAP	Amortization	Restructuring	Spin-off & separation-related costs	Legal entity restructuring	FY24 non-GAAP
Net sales	8,254					8,254
Gross margin	4,593		28	74		4,694
% of sales	55.6%		0.3%	0.9%		56.9%
R&D	775	(169)	(9)	(14)		583
% of sales	9.4%	(2.0%)	(0.1%)	(0.2%)		7.1%
SG&A	2,782	(180)	(41)	(262)		2,299
% of sales	33.7%	(2.2%)	(0.5%)	(3.2%)		27.9%
Operating expense ¹	3,557	(349)	(50)	(275)		2,882
Operating income	1,036	349	78	349		1,812
Operating income margin	12.6%	4.2%	0.9%	4.2%		22.0%
Interest expense, net	367					367
Other non-op. expense/(income), net	64			(38)		25
Income before income taxes	605	349	78	387		1,419
Provision for income taxes	127	58	17	81	(25)	257
Net income	479	291	61	306	25	1,162
Diluted EPS	\$2.76	\$1.68	\$0.35	\$1.76	\$0.14	\$6.70

Free cash flow (millions)

FY24

Net cash provided by/(used in) operating activities	1,185
Purchases of property, plant and equipment	(380)
Free cash flow	805

¹Operating expense includes the combination of selling, general and administrative expenses and research and development expenses line items from the Consolidated Statements of Income

Glossary and definitions

Abbreviation	Elaboration
AWC	Advanced Wound Care
FCF	Free cash flow
FY	Fiscal year
IP&SS	Infection Prevention and Surgical Solutions
NPWT	Negative pressure wound therapy
OEM	Original equipment manufacturer
R&D	Research and development
SG&A	Sales, general and administrative expenses

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