

3M Company and Subsidiaries
Consolidated Statement of Income
Years ended December 31

(Millions, except per share amounts)	2019	2018	2017
Net sales	\$ 32,136	\$ 32,765	\$ 31,657
Operating expenses			
Cost of sales	17,136	16,682	16,055
Selling, general and administrative expenses	7,029	7,602	6,626
Research, development and related expenses	1,911	1,821	1,870
Gain on sale of businesses	(114)	(547)	(586)
Total operating expenses	25,962	25,558	23,965
Operating income	6,174	7,207	7,692
Other expense (income), net	462	207	144
Income before income taxes	5,712	7,000	7,548
Provision for income taxes	1,130	1,637	2,679
Net income including noncontrolling interest	\$ 4,582	\$ 5,363	\$ 4,869
Less: Net income attributable to noncontrolling interest	12	14	11
Net income attributable to 3M	\$ 4,570	\$ 5,349	\$ 4,858
Weighted average 3M common shares outstanding — basic	577.0	588.5	597.5
Earnings per share attributable to 3M common shareholders — basic	\$ 7.92	\$ 9.09	\$ 8.13
Weighted average 3M common shares outstanding — diluted	585.1	602.0	612.7
Earnings per share attributable to 3M common shareholders — diluted	\$ 7.81	\$ 8.89	\$ 7.93

The accompanying Notes to Consolidated Financial Statements are an integral part of this statement.

3M Company and Subsidiaries
Consolidated Balance Sheet
At December 31

(Dollars in millions, except per share amount)	2019	2018
Assets		
Current assets		
Cash and cash equivalents	\$ 2,353	\$ 2,853
Marketable securities — current	98	380
Accounts receivable — net of allowances of \$161 and \$95	4,791	5,020
Inventories		
Finished goods	2,003	2,120
Work in process	1,194	1,292
Raw materials and supplies	937	954
Total inventories	4,134	4,366
Prepays	704	741
Other current assets	891	349
Total current assets	12,971	13,709
Property, plant and equipment	26,124	24,873
Less: Accumulated depreciation	(16,791)	(16,135)
Property, plant and equipment — net	9,333	8,738
Operating lease right of use assets	858	—
Goodwill	13,444	10,051
Intangible assets — net	6,379	2,657
Other assets	1,674	1,345
Total assets	\$ 44,659	\$ 36,500
Liabilities		
Current liabilities		
Short-term borrowings and current portion of long-term debt	\$ 2,795	\$ 1,211
Accounts payable	2,228	2,266
Accrued payroll	702	749
Accrued income taxes	194	243
Operating lease liabilities — current	247	—
Other current liabilities	3,056	2,775
Total current liabilities	9,222	7,244
Long-term debt	17,518	13,411
Pension and postretirement benefits	3,911	2,987
Operating lease liabilities	607	—
Other liabilities	3,275	3,010
Total liabilities	\$ 34,533	\$ 26,652
Commitments and contingencies (Note 16)		
Equity		
3M Company shareholders' equity:		
Common stock par value, \$.01 par value; 944,033,056 shares issued	\$ 9	\$ 9
Shares outstanding - 2019: 575,184,835		
Shares outstanding - 2018: 576,575,168		
Additional paid-in capital	5,907	5,643
Retained earnings	42,135	40,636
Treasury stock	(29,849)	(29,626)
Accumulated other comprehensive income (loss)	(8,139)	(6,866)
Total 3M Company shareholders' equity	10,063	9,796
Noncontrolling interest	63	52
Total equity	\$ 10,126	\$ 9,848
Total liabilities and equity	\$ 44,659	\$ 36,500

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3M Company and Subsidiaries
Consolidated Statement of Cash Flows
Years ended December 31

(Millions)	2019	2018	2017
Cash Flows from Operating Activities			
Net income including noncontrolling interest	\$ 4,582	\$ 5,363	\$ 4,869
Adjustments to reconcile net income including noncontrolling interest to net cash provided by operating activities			
Depreciation and amortization	1,593	1,488	1,544
Company pension and postretirement contributions	(210)	(370)	(967)
Company pension and postretirement expense	357	410	334
Stock-based compensation expense	278	302	324
Gain on sale of businesses	(111)	(545)	(586)
Deferred income taxes	(273)	(57)	107
Loss on deconsolidation of Venezuelan subsidiary	162	—	—
Changes in assets and liabilities			
Accounts receivable	345	(305)	(245)
Inventories	370	(509)	(387)
Accounts payable	(117)	408	24
Accrued income taxes (current and long-term)	205	134	967
Other — net	(111)	120	256
Net cash provided by (used in) operating activities	7,070	6,439	6,240
Cash Flows from Investing Activities			
Purchases of property, plant and equipment (PP&E)	(1,699)	(1,577)	(1,373)
Proceeds from sale of PP&E and other assets	123	262	49
Acquisitions, net of cash acquired	(4,984)	13	(2,023)
Purchases of marketable securities and investments	(1,635)	(1,828)	(2,152)
Proceeds from maturities and sale of marketable securities and investments	1,443	2,497	1,354
Proceeds from sale of businesses, net of cash sold	236	846	1,065
Other — net	72	9	(6)
Net cash provided by (used in) investing activities	(6,444)	222	(3,086)
Cash Flows from Financing Activities			
Change in short-term debt — net	(316)	(284)	578
Repayment of debt (maturities greater than 90 days)	(2,716)	(1,034)	(962)
Proceeds from debt (maturities greater than 90 days)	6,281	2,251	1,987
Purchases of treasury stock	(1,407)	(4,870)	(2,068)
Proceeds from issuance of treasury stock pursuant to stock option and benefit plans	547	485	734
Dividends paid to shareholders	(3,316)	(3,193)	(2,803)
Other — net	(197)	(56)	(121)
Net cash provided by (used in) financing activities	(1,124)	(6,701)	(2,655)
Effect of exchange rate changes on cash and cash equivalents	(2)	(160)	156
Net increase (decrease) in cash and cash equivalents	(500)	(200)	655
Cash and cash equivalents at beginning of year	2,853	3,053	2,398
Cash and cash equivalents at end of period	\$ 2,353	\$ 2,853	\$ 3,053

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