



3M to Divest Substantially All of Its Drug Delivery Business to Altaris Capital Partners

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ST. PAUL, Minn.--(BUSINESS WIRE)--3M today announced that it has entered into an agreement to sell substantially all of its drug delivery business to an affiliate of Altaris Capital Partners, LLC. Subject to closing and other adjustments, 3M will receive approximately \$650 million in total consideration, including cash, an interest-bearing security, and a 17 percent noncontrolling interest in the new company.

The business is a global leader in drug delivery that partners with pharmaceutical and biotech companies to develop and manufacture pharmaceutical products using unique inhalation, transdermal, microneedle, and conventional drug delivery technologies. 3M will retain its transdermal drug delivery components business. The business that is being divested has annual global sales of approximately \$380 million.

"The drug delivery business is a leading provider of transdermal and inhalation delivery technologies," said Michael Roman, 3M chairman and chief executive officer. "This transaction will allow us to focus more resources on our core health care business as well as retain a share in the value of the drug delivery business as it grows over the coming years."

The transaction, which is subject to customary closing conditions and regulatory approvals, is expected to close in the first half of 2020. Approximately 900 3M employees, who primarily support the business, are expected to join the new company upon completion of the sale.

3M expects to realize a gain of \$0.45 to \$0.50 per share from this transaction, net of actions related to the divestiture. Upon completion of the transaction, 3M's ownership interest in the drug delivery business will be reported using the equity method of accounting.

Morgan Stanley & Co. LLC acted as financial advisor to 3M. Cleary Gottlieb Steen & Hamilton LLP acted as legal counsel to 3M.

Forward Looking Statements

This news release contains forward-looking information about 3M's financial results and estimates and business prospects that involve substantial risks and uncertainties. You can identify these statements by the use of words such as "anticipate," "estimate," "expect," "aim," "project," "intend," "plan," "believe," "will," "should," "could," "target," "forecast" 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, capital markets and other external conditions and other factors beyond the Company's control, including natural and other disasters or climate change affecting the operations of the Company or its customers and suppliers; (2) the Company's credit ratings and its cost of capital; (3) competitive conditions and customer preferences; (4) foreign currency exchange rates and fluctuations in those rates; (5) the timing and market acceptance of new product offerings; (6) the availability and cost of purchased components, compounds, raw materials and energy (including oil and natural gas and their derivatives) due to shortages, increased demand or supply interruptions (including those caused by natural and other disasters and other events); (7) the impact of acquisitions, strategic alliances, divestitures, and other unusual events resulting from portfolio management actions and other evolving business strategies, and possible organizational restructuring; (8) operational execution, including scenarios where the Company generates fewer productivity improvements than estimated; (9) unanticipated problems or delays with the phased implementation of a global enterprise resource planning (ERP) system, or security breaches and other disruptions to the Company's information technology infrastructure; (10) financial market risks that may affect the Company's funding obligations under defined benefit pension and postretirement plans; and (11) legal proceedings, including significant developments that could occur in the legal and regulatory proceedings described in the Company's Annual Report on Form 10-K for the year ended Dec. 31, 2018, and any subsequent quarterly reports on Form 10-Q (the "Reports"). Changes in such assumptions or factors could produce significantly different results. A further description of these factors is located in the Reports under "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). The information contained in this news release is as of the date indicated. The Company assumes no obligation to update any forward-looking statements contained in this news release as a result of new information or future events or developments.

About 3M

At 3M, we apply science in collaborative ways to improve lives daily. With \$33 billion in sales, our 93,000 employees connect with customers all around the world. Learn more about 3M's creative solutions to the world's problems at www.3M.com or on Twitter @3M or @3MNews.

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