

Vikuiti™ Display Enhancement Newsletter – August 2009

3M Vikuiti™ Newsletter: 3M Announces Strong Q2 Earnings

3M today announced second-quarter earnings of \$1.12 per share on sales of \$5.7 billion, with operating income margins of 20.8 percent. Sales and per-share earnings declined 15.1 percent and 15.8 percent year-on-year, respectively. On a sequential basis, sales and per-share earnings increased 12.4 percent and 51.4 percent, respectively, and operating income margins improved by 5 percentage points. Free cash flow conversion was 160 percent of net income, with strong contributions from reduced capital expenditures and lower inventory levels.

Excluding special items, net income was \$843 million and earnings were \$1.20 per share, down 14.9 percent and 13.7 percent, respectively. Operating income margins increased 50 basis points year-on-year to 22.6 percent. 3M's Health Care and Consumer and Office businesses each delivered double-digit year-on-year profit improvements.

“We drove strong results in the second quarter, exceeding our own expectations for profits, sales and free cash flow,” said George W. Buckley, chairman of the board, president and CEO. “Operating discipline was key to the quarter, as discretionary spending was well-controlled and restructuring actions proceeded according to plan. 3M employees across the globe are undaunted in facing this recession, and I applaud their efforts.”



Buckley said that while sales were helped by improved demand for consumer electronics and respiratory products used to prevent the spread of the H1N1 virus, 3M's sound operational strategy and early actions to address the recession were at the core of the strong Q2 performance.

“Our second-quarter results give us confidence in both our plan and in our ability to execute that plan,” Buckley continued. “While the exact shape and timing of the economic recovery is unknown, we will move ahead efficiently and energetically so that 3M emerges from the downturn an even stronger company.”

The company raised its 2009 sales expectations. 3M now expects 2009 organic sales volume to decline between 10 percent and 13 percent, versus a previous planning assumption of negative 11 percent to negative 15 percent. The company also expects 2009 full-year earnings to be in the range of \$4.10 to \$4.30 per share, versus a previous range of \$3.90 to \$4.30. All estimates quoted exclude special items.

Second-quarter worldwide sales totaled \$5.7 billion, a year-on-year decrease of 15.1 percent. Local-currency sales including acquisitions decreased 9.4 percent, currency translation effects reduced sales by 5.5 percent and divestitures reduced sales by 0.2 percent.

Local-currency sales including acquisitions increased 2.2 percent in Health Care, but declined by 1.4 percent in Display and Graphics, 2.9 percent in Consumer and Office, 10.6 percent in Safety, Security and Protection Services, 15.3 percent in Industrial and Transportation and 23.8 percent in Electro and Communications. Excluding special items, second-quarter net income was \$843 million, or \$1.20 per share, versus \$991 million, or \$1.39 per share, in the second quarter of 2008. Net income and earnings per share decreased 14.9 percent and 13.7 percent respectively, excluding special items.

3M Sponsors TV Ecosystem Conference

Make plans to attend the DisplaySearch 2009 TV Ecosystem Conference: TV After the Digital Transition – Finding the Next Big Thing. With the transition from analog to digital broadcasting complete in the United States, and the conversion from CRT and rear projection to flat panel well under way, the TV market is facing slower growth in the future.

Sponsored by 3M, the TV Ecosystem Conference will be held on Wednesday, September 2, 2009 at the San Jose Marriott in San Jose, California. This conference will explore how new forms of content and connectivity could drive renewed growth in hardware, and is particularly geared for display and set manufacturers, branded vendors, retailers/channel participants, wireless/connectivity providers and more. To sign up or to learn more, visit [2009 TV Ecosystem Conference](#).

LCD Optics 101 Explains Performance Characteristics

Learn more about how LCDs work – from basic concepts of how electronic images are created in an LCD display, to the optical physics behind it all through [LCD Optics 101](#).

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