Whirlpool CORPORATION

SUPPLEMENTAL INFORMATION

FIRST-QUARTER 2019

APRIL 22, 2019

SUPPLEMENTAL INFORMATION - CONSOLIDATED FINANCIAL STATEMENTS

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

(Millions of dollars except per share data)
(Unaudited)

We supplement the reporting of our financial information determined under U.S. generally accepted accounting principles (GAAP) with certain non-GAAP financial measures, some of which we refer to as "ongoing" measures, including earnings before interest and taxes (EBIT), EBIT margin, ongoing EBIT, ongoing EBIT margin, ongoing earnings, ongoing earnings per diluted share, ongoing segment EBIT, ongoing segment EBIT margin, sales excluding currency and free cash flow. Ongoing measures exclude items that may not be indicative of, or are unrelated to, results from our ongoing operations and provide a better baseline for analyzing trends in our underlying businesses. Sales excluding foreign currency is calculated by translating the current period net sales, in functional currency, to U.S. dollars using the prior-year period's exchange rate compared to the prior-year period net sales. Management believes that sales excluding foreign currency provides stockholders with a clearer basis to assess our results over time, excluding the impact of exchange rate fluctuations. Management believes that free cash flow provides investors and stockholders with a relevant measure of liquidity and a useful basis for assessing the company's ability to fund its activities and obligations.The Company provides free cash flow related metrics, such as free cash flow as a percentage of net sales, as long-term management goals, not an element of its annual financial guidance, and as such does not provide a reconciliation of free cash flow to cash provided by (used in) operating activities, the most directly comparable GAAP measure, for these long-term goal metrics. Any such reconciliation would rely on market factors and certain other conditions and assumptions that are outside of the company's control. We believe that these non-GAAP measures provide meaningful information to assist investors and stockholders in understanding our financial results and assessing our prospects for future performance, and reflect an additional way of viewing aspects of our operations that, when viewed with our GAAP financial measures, provide a more complete understanding of our business. Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-GAAP financial measures having the same or similar names. These ongoing financial measures should not be considered in isolation or as a substitute for reported net earnings available to Whirlpool per diluted share, net earnings, net earnings available to Whirlpool, net sales, and cash provided by (used in) operating activities, the most directly comparable GAAP financial measures. We also disclose segment EBIT and ongoing segment EBIT as important financial metrics used by the Company's Chief Operating Decision Maker to evaluate performance and allocate resources in accordance with *ASC 280 - Segment Reporting*. GAAP net earnings available to Whirlpool per diluted share and ongoing earnings per diluted share are presented net of tax, while individual adjustments in each reconciliation are presented on a pre-tax basis; the income tax impact line item aggregates the tax impact for these adjustments. The tax impact of individual line item adjustments may not foot precisely to the aggregate income tax impact amount, as each line item adjustment may include non-taxable components. Historical quarterly earnings per share amounts are presented based on a normalized tax rate adjustment to reconcile quarterly tax rates to full-year tax rate expectations. We strongly encourage investors and stockholders to review our financial statements and publicly-filed reports in their entirety and not to rely on any single financial measure.

First-Quarter 2019 Ongoing Earnings Before Interest and Taxes and Ongoing Earnings per Diluted Share

The reconciliation provided below reconciles the non-GAAP financial measures ongoing earnings before interest and taxes and ongoing earnings per diluted share, with the most directly comparable GAAP financial measures, net earnings available to Whirlpool and net earnings per diluted share available to Whirlpool, for the three months ended March 31, 2019. Ongoing EBIT margin is calculated by dividing ongoing EBIT by net sales. EBIT margin is calculated by dividing EBIT by net sales. The earnings per diluted share GAAP measure and ongoing measure are presented net of tax, while each adjustment is presented on a pre-tax basis. The aggregate income tax impact of the taxable components of each adjustment is presented in the income tax impact line item at our first-quarter adjusted effective tax rate of 17.5%.

	Three Months Ended March 31, 2019	
	Earnings before interest & taxes[6]	Earnings per diluted share
Reported measure	$ 393	$ 7.31
Restructuring costs[a]	26	0.40
Brazil indirect tax credit[c]	(127)	(1.97)
Divestiture related transition costs [d]	6	0.09
Income tax impact	—	0.26
Normalized tax rate adjustment[b]	—	(2.98)
Ongoing measure	$ 298	$ 3.11

Earnings Before Interest & Taxes Reconciliation:

Net earnings (loss) available to Whirlpool	$ 471
Net earnings (loss) available to noncontrolling interests	3
Income tax expense (benefit)	(132)
Interest expense	51
Earnings before interest & taxes[6]	$ 393

Note: Numbers may not reconcile due to rounding

First-Quarter 2018 Ongoing Earnings Before Interest and Taxes and Ongoing Earnings per Diluted Share

The reconciliation provided below reconciles the non-GAAP financial measures ongoing earnings before interest and taxes and ongoing earnings per diluted share, with the most directly comparable GAAP financial measures, net earnings available to Whirlpool and net earnings per diluted share available to Whirlpool, for the three months ended March 31, 2018. Ongoing EBIT margin is calculated by dividing ongoing EBIT by net sales. EBIT margin is calculated by dividing EBIT by net sales. The earnings per diluted share GAAP measure and ongoing measure are presented net of tax, while each adjustment is presented on a pre-tax basis. The aggregate income tax impact of the taxable components of each adjustment is presented in the income tax impact line item at our first-quarter adjusted effective tax rate of 20.0%.

	Three Months Ended March 31, 2018	
	Earnings before interest & taxes[6]	Earnings per diluted share
Reported measure	$ 151	$ 1.30
Restructuring costs[a]	144	2.00
Income tax impact	—	(0.40)
Normalized tax rate adjustment[b]	—	(0.09)
Ongoing measure	$ 295	$ 2.81

Earnings Before Interest & Taxes Reconciliation:

Net earnings (loss) available to Whirlpool	$ 94
Net earnings (loss) available to noncontrolling interests	—
Income tax expense (benefit)	15
Interest expense	42
Earnings before interest & taxes[6]	$ 151

Note: Numbers may not reconcile due to rounding

Ongoing Segment Earnings Before Interest and Taxes

The reconciliation provided below reconciles the non-GAAP financial measure ongoing segment EBIT with reported EBIT, for the three months ended March 31, 2019. Ongoing segment EBIT margin is calculated by dividing ongoing segment EBIT by segment net sales.

	Three Months Ended March 31, 2019				
	Segment earnings before interest and taxes	Restructuring costs[(a)]	Brazil indirect tax credit[(c)]	Divestiture related transition costs[(d)]	Ongoing segment earnings before interest and taxes
North America	$ 312	$ —	$ —	$ —	$ 312
EMEA	(21)	—	—	—	(21)
Latin America	45	—	—	—	45
Asia	7	—	—	—	7
Other/Eliminations	50	26	(127)	6	(45)
Total Whirlpool Corporation	$ 393	$ 26	$ (127)	$ 6	$ 298

The reconciliation provided below reconciles the non-GAAP financial measure ongoing segment EBIT with reported EBIT, for the three months ended March 31, 2018. Ongoing segment EBIT margin is calculated by dividing ongoing segment EBIT by segment net sales.

	Three Months Ended March 31, 2018		
	Segment earnings before interest and taxes	Restructuring expense[(a)]	Ongoing segment earnings before interest and taxes
North America	$ 288	$ —	$ 288
EMEA	(27)	—	(27)
Latin America	57	—	57
Asia	19	—	19
Other/Eliminations	(186)	144	(42)
Total Whirlpool Corporation	$ 151	$ 144	$ 295

Note: Numbers may not reconcile due to rounding

Full-Year 2019 Outlook For Ongoing Earnings Before Interest and Taxes and Ongoing Earnings per Diluted Share

The reconciliation provided below reconciles the non-GAAP financial measures ongoing earnings before interest and taxes and ongoing earnings per diluted share, with the most directly comparable GAAP financial measures, net earnings available to Whirlpool and net earnings per diluted share available to Whirlpool, for the twelve months ending December 31, 2019. Ongoing EBIT margin is calculated by dividing ongoing EBIT by net sales. EBIT margin is calculated by dividing EBIT by net sales. The earnings per diluted share GAAP measure and ongoing measure are presented net of tax, while each adjustment is presented on a pre-tax basis. The aggregate income tax impact of the taxable components of each adjustment is presented in the income tax impact line item at our anticipated full-year tax rate between 15% and 20% .

	Twelve Months Ending December 31, 2019	
	Earnings before interest & taxes[6]	Earnings per diluted share
Reported measure*	$1,354	$14.05 - $15.05
Restructuring costs[a]	100	1.55
Brazil indirect tax credit[c]	(127)	(1.97)
Divestiture related transition costs[d]	23	0.36
Income tax impact	—	0.01
Ongoing measure	$1,350	$14.00 - $15.00

*The Reported measure for the twelve months ending December 31, 2019 does not include the anticipated gain associated with the sale of the Embraco business.

Note: Numbers may not reconcile due to rounding

(6) Earnings Before Interest & Taxes (EBIT) is a non-GAAP measure. The Company does not provide a forward-looking quantitative reconciliation of EBIT to the most directly comparable GAAP financial measure, net earnings available to Whirlpool, because the net earnings available to noncontrolling interests item of such reconciliation -- which has historically represented a relatively insignificant amount of the Company's overall net earnings -- implicates the Company's projections regarding the earnings of the Company's non wholly-owned subsidiaries and joint ventures that cannot be quantified precisely or without unreasonable efforts.

Full-Year 2018 Ongoing Earnings Before Interest and Taxes and Ongoing Earnings per Diluted Share

The reconciliation provided below reconciles the non-GAAP financial measures ongoing earnings before interest and taxes and ongoing earnings per diluted share, with the most directly comparable GAAP financial measures, net earnings (loss) available to Whirlpool and net earnings per diluted share available to Whirlpool, for the twelve months ended December 31, 2018. Ongoing EBIT margin is calculated by dividing ongoing EBIT by net sales. EBIT margin is calculated by dividing EBIT by net sales. The earnings per diluted share GAAP measure and ongoing measure are presented net of tax, while each adjustment is presented on a pre-tax basis. Our full-year GAAP tax rate includes the nondeductible earnings impact of the impairment of goodwill and intangibles of $747 million and the France antitrust settlement charge of $103 million. The aggregate income tax impact of the taxable components of each adjustment is presented in the income tax impact line item at our full-year adjusted tax rate of approximately 6.6%.

	Twelve Months Ended December 31, 2018	
	Earnings before interest & taxes[6]	Earnings per diluted share
Reported measure	$ 171	$ (2.72)
Restructuring costs[a]	247	3.68
France antitrust settlement [f]	103	1.53
Impairment of goodwill and intangibles [g]	747	11.11
Trade customer insolvency[e]	30	0.45
Divestiture related transition costs [d]	21	0.32
Income tax impact	—	(0.29)
Normalized tax rate adjustment[b]	—	1.25
Share adjustment*	—	(0.17)
Ongoing measure	$ 1,319	$ 15.16

Earnings Before Interest & Taxes Reconciliation:

Net earnings (loss) available to Whirlpool	$ (183)
Net earnings (loss) available to noncontrolling interests	24
Income tax expense (benefit)	138
Interest expense	192
Earnings before interest & taxes[6]	$ 171

Note: Numbers may not reconcile due to rounding

*As a result of our full-year GAAP earnings loss, the impact of antidilutive shares was excluded from the loss per share calculation on a GAAP basis. The share count adjustment used in the calculation of the full year ongoing earnings per diluted share includes the full-year weighted average basic shares outstanding of 67.2 million plus the impact of antidilutive shares of 0.7 million which were excluded on a GAAP basis.

Footnotes:

a. **RESTRUCTURING COSTS** - In 2014, the Company completed the acquisition of Indesit S.p.A., which, due to its size, materially changed our European footprint. In 2018, these costs are primarily related to Indesit restructuring, an Embraco plant closure in Italy, and certain other unique restructuring events. In 2019, these costs are primarily related to actions that right-size our EMEA business and certain other unique restructuring events.

b. **NORMALIZED TAX RATE ADJUSTMENT** - During the first quarter of 2019, the Company calculated ongoing earnings per share using an adjusted tax rate of 17.5%, to reconcile to our anticipated full-year effective tax rate between 15% and 20%, which includes the tax impact of a valuation allowance release and the Brazil indirect tax credit. The Company's 2018 normalized tax rate excludes the tax impact of impairment of goodwill and intangibles of $747 million, the France antitrust settlement charge of $103 million and the impact of U.S. tax reform of $95 million.

c. **BRAZIL INDIRECT TAX CREDIT** - During the first quarter of 2019, the Company received a favorable, non-appealable decision related to the recovery of certain taxes previously paid over gross sales. As a result, the Company recorded a $127 million gain in interest and sundry (income) expense, in connection with this decision.

d. **DIVESTITURE RELATED TRANSITION COSTS** - During the first quarter of 2019 and the fourth quarter of 2018, the Company recognized transition costs of approximately $6 million and $21 million, respectively, associated with the sale of its Embraco compressor business.

e. **TRADE CUSTOMER INSOLVENCY** - During the third quarter of 2018, the Company recognized bad debt expense related to trade customer insolvency of a U.S. retailer and a Brazilian retailer, in the amount of approximately $17 million and $12 million, respectively. During the fourth quarter of 2018, the Company recognized an additional bad debt expense related to the Brazilian retailer in the amount of approximately $14 million, and a reduced bad debt expense related to the U.S. retailer in the amount of approximately $13 million.

f. **FRANCE ANTITRUST SETTLEMENT** - In 2013, the French Competition Authority ("FCA") commenced an investigation of appliance manufacturers and retailers, including Whirlpool and Indesit operations in France. With respect to the first part of the investigation, the Company agreed to a preliminary settlement with the FCA staff in the second quarter of 2018 and accrued $114 million. In the fourth quarter of 2018, the final settlement was approved by the FCA's college of commissioners in the amount of approximately $122 million, with approximately $19 million of the total settlement to be paid by the previous owner of Indesit to the Company. The Company paid $52 million in the first quarter of 2019 and the remainder in the second quarter of 2019.

g. **IMPAIRMENT OF GOODWILL AND INTANGIBLES** - During the second quarter of 2018, we performed a quantitative assessment of the EMEA region's goodwill and intangible assets for impairment. Based on a third-party valuation, we concluded that fair value of equity did not exceed its carrying value and therefore goodwill and intangible assets were impaired. The impact of this impairment was $168 million to intangible assets and $579 million to goodwill in the second quarter of 2018.

Free Cash Flow

As defined by the Company, free cash flow is cash provided by (used in) operating activities after capital expenditures, proceeds from the sale of assets and businesses and changes in restricted cash. The reconciliation provided below reconciles three months ended March 31, 2019 and 2018 and projected 2019 full-year free cash flow with cash provided by (used in) operating activities, the most directly comparable GAAP financial measure. Free cash flow as a percentage of net sales is calculated by dividing free cash flow by net sales.

	Three Months Ended March 31,		
(millions of dollars)	2019	2018	2019 Outlook
Cash provided by (used in) operating activities*	$(895)	$(713)	$1,425 - $1,525
Capital expenditures, proceeds from sale of assets/ businesses and change in restricted cash**	(74)	(43)	(625)
Free cash flow	$(969)	$(756)	$800 - $900
Cash provided by (used in) investing activities***	$(86)	$(3)	
Cash provided by (used in) financing activities***	$627	$522	

*The Reported measure for the twelve months ending December 31, 2019 does not include the anticipated gain associated with the sale of the Embraco business.

**The change in restricted cash relates to the private placement funds paid by Whirlpool to acquire majority control of Whirlpool China (formerly Hefei Sanyo) and which are used to fund capital and technical resources to enhance Whirlpool China's research and development and working capital, as required by the terms of the Hefei Sanyo acquisition completed in October 2014.

***Financial guidance on a GAAP basis for cash provided by (used in) financing activities and cash provided by (used in) investing activities has not been provided because in order to prepare any such estimate or projection, the Company would need to rely on market factors and certain other conditions and assumptions that are outside of its control.

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