

27-Oct-2026

Whirlpool Corp. (WHR)

Q3 2026 Earnings Call

CORPORATE PARTICIPANTS

Viviani Fagundes

Director-Investor Relations, Whirlpool Corp.

Marc Robert Bitzer

Chairman & Chief Executive Officer, Whirlpool Corp.

Juan Carlos Puente

Executive President, NAR and Global Strategic Sourcing, Whirlpool Corp.

Ludovic Beauflis

Executive President, KitchenAid Small Appliances, LAR, Global Information Technology, and Design, Whirlpool Corp.

Roxanne Warner

Chief Financial Officer & Executive Vice President, Whirlpool Corp.

OTHER PARTICIPANTS

Sam J. Darkatsh

Analyst, Raymond James & Associates, Inc.

David S. MacGregor

Analyst, Longbow Research LLC

Mike Dahl

Analyst, RBC Capital Markets LLC

Susan Maklari

Analyst, Goldman Sachs & Co. LLC

Rafe Jadrosich

Analyst, BofA Securities, Inc.

Jeffrey Patrick Stevenson

Analyst, Loop Capital Markets LLC

Sam Reid

Analyst, Wells Fargo Securities LLC

Eric Bosshard

Analyst, Cleveland Research Co. LLC

W. Andrew Carter

Analyst, Stifel, Nicolaus & Co., Inc.

MANAGEMENT DISCUSSION SECTION

Viviani Fagundes

Director-Investor Relations, Whirlpool Corp.

Good morning, and welcome to Whirlpool Corporation's Third Quarter 2026 Earnings Call. Today's call is being recorded. Joining me today are Marc Bitzer, our Chairman and Chief Executive Officer; Roxanne Warner, our Chief Financial Officer; Juan Carlos Puente, our Executive President of North America and Global Strategic Sourcing; and Ludovic Beaufils, our Executive President of KitchenAid Small Appliances and Latin America. Our remarks today track with the presentation available on the Investors section of our website at whirlpoolcorp.com.

Before we begin, I want to remind you that as we conduct this call, we will be making forward-looking statements to assist you in better understanding Whirlpool Corporation's future expectations. Our actual results could differ materially from these statements due to many factors discussed in our latest 10-K, 10-Q, and other periodic reports.

We also want to remind you that today's presentation includes non-GAAP measures outlined in further detail at the beginning of our earnings presentation. We believe these measures are important indicators of our operations as they exclude items that may not be indicative of results from our ongoing business operations. We also think the adjusted measures will provide you with a better baseline for analyzing trends in our ongoing business operations. Listeners are directed to the supplemental information package posted on the Investor Relations section of our website for the reconciliations of non-GAAP items to the most directly comparable GAAP measures.

At this time, all participants are in listen-only mode. Following our prepared remarks, the call will be open for analyst questions. As a reminder, we ask that participants ask no more than two questions.

With that, I'll turn the call over to Marc.

Marc Robert Bitzer

Chairman & Chief Executive Officer, Whirlpool Corp.

Thanks, Viv, and good morning, everyone. During the quarter, our execution focused on two core imperatives; protecting and expanding our margins in a tough macro environment, and disciplined cash management. These imperatives not only shaped our third quarter results, but are also driving our actions as we move towards the end of 2026 and into 2027.

What you will hear today are essentially four key messages. First, we delivered another quarter of sequential margin improvement against macroeconomic challenges that undoubtedly intensified over last three months.

Second, we made good progress on our pricing actions, in particular in North America. This progress was partially offset by incremental inflationary costs. And as a result, we did not deliver the margin step-up we had expected. In line with a slower pace of margin recovery in the third quarter, we are updating our full-year margin guidance.

Third, we have implemented further pricing actions of 7% to 10% in North America and in Latin America. We expect the impact of these new actions to be somewhat limited in Q4 and fully ramping up in January. Our structural cost initiatives around strategic sourcing, manufacturing optimization, and warehouse footprint

consolidation are on track. But as mentioned in prior calls, the majority of the cost benefits will impact 2027. These structural cost initiatives, together with the additional pricing actions, set up a strong foundation for margin expansion in 2027.

And fourth, we are prioritizing highly disciplined work in capital management that positions us to deliver on our full-year free cash flow goal.

Turning to slide 7, let me cover our third quarter results. We delivered net sales of \$3.7 billion, which was impacted by softer industry demand in North America. We saw a sequential margin improvement of 80 basis points to 2.6%, resulting in ongoing earnings per share of negative \$0.21. While we made progress on our pricing and cost takeout actions, this progress was partially offset by higher raw material, fuel, and logistic costs. During the quarter, we maintained strict working capital discipline to prioritize balance sheet strength.

Our free cash flow was a consumption of approximately \$1.1 billion, which was negatively impacted by the timing of our recovery of insurance claims related to Grupo Casas Bahia. This is a major retailer in Brazil, which filed for bankruptcy reorganization, the equivalent of Chapter 11 in US in August. We expect to receive a majority of insurance claim payments related to this event in the fourth quarter.

Turning to slide 8, I will walk through our sequential ongoing EBIT margin drivers. We delivered sequential margin improvement of approximately 80 basis points. Our pricing actions in North America and Latin America fully offset the mixed headwinds across the business and resulted in 250 basis points of improvement. Net cost was a tailwind of 100 basis points as we continue to make progress on structural cost take-out and ongoing cost productivity, with the benefits being partially offset by the impact of fuel and logistic costs.

Raw material inflation unfavorably impacted margin by 75 basis points, primarily driven by higher steel, resin, and base metal costs. Net tariff impact was an unfavorable 225 basis points, driven by incremental Section 232 tariffs in the US. Marketing and technology investments increased by 25 basis points, offset by a favorable currency impact of 25 basis points, primarily from a Mexican peso and Brazilian real, and favorable transaction impacts of approximately 25 basis points.

Now, I will turn the call over to Juan Carlos to review our MDA North America results.

Juan Carlos Puente

Executive President, NAR and Global Strategic Sourcing, Whirlpool Corp.

Thanks, Marc. Turning to slide 10, I will provide an overview of our MDA North America segment. In the third quarter, net sales were \$2.5 billion, negatively impacted by the persistence of industry demand. In Q3, the industry was down 3.3%, which is in line with our full-year guidance of down approximately 5%. The solid execution of our price increase implemented in April and July, combined with our new product launches, drove approximately 230 basis points of sequential margin expansion.

This improvement was masked by the inflationary headwinds resulted in 30 basis points of net sequential EBIT margin benefit. More recently, we announced an additional 7% price increase effective November 1 in Canada and December 3 in the US. While the impact of Q4 results will be limited, we expect this action combined with our structural cost take-out actions to further expand margin in 2027.

Turning to slide 11, let's review the positive impact of this price increase in our retail sell-out price data. As a reminder, this chart represents the aggregated view of thousands of price data point collected every week from

public sources. The yellow line shows that our price realization progressed strongly through Q3, maintaining 8% to 9% gains over the January 2025 baseline prices.

The blue line shows that competitors' average pricing has also meaningfully moved upwards since the beginning of 2026. This trend is consistent with the full burden of tariffs and increased transportation costs, ultimately reinforcing our confidence in a long-term value of our domestic footprint. Another element that is central to our strategy is delivering meaningful product innovation that delights our consumers.

Turning to slide 12, you can see our latest industry-first product innovation in our refrigeration lineup. We recently launched the industry-first refrigerator with an in-door nugget ice maker under the Whirlpool brand. This true counter-depth French door refrigerator is a great addition to our portfolio. It hits the marketplace as the consumer demand for nugget ice accelerates across North America, setting a new benchmark for consumer innovation. By combining highly valued features with premium design, this product serves as a standout differentiator that directly supports our premium growth strategy.

Turning to slide 13, we're bringing another industry-first innovation to our core laundry category. Our top load washer now features a removable delicate basket, which addresses a longstanding consumer pain point by allowing delicate items to be gently washed at the same time as the everyday laundry load. By combining delicate care with daily laundry capacity in a single cycle, this unique offering drives premium mix and reinforces our product leadership in MDA North America.

On slide 14, we're maximizing benefits from our manufacturing and supply chain footprint to optimize our structural competitive advantage. In our last earnings call, we discussed three key manufacturing footprint initiatives that we announced in Q1, a multi-year modernization and operational optimization of our plant in Amana, Iowa; unlocking supply chain efficiencies through vertical integration in our facility in Perrysburg, Ohio; and shifting refrigeration production between Supsa & Ramos, Mexico, to leverage scale and lower conversion costs. We have hit key milestones across all three initiatives, and our progress year-to-date gives us confidence in our operational trajectory.

In US logistics, we have completed 25% reduction in our local distribution center count and continue to advance with a consolidation of regional distributions and return centers. Importantly, we are maintaining reach and proximity with 97% of our customers remaining within 100 miles of our distribution centers. In total, these manufacturing supply chain actions represent \$290 million in structural cost benefits. While these benefits are largely expected into 2027, our cost initiatives continue to progress, contributing to our sequential margin progress and offsetting incremental fuel logistic costs.

Now, I'll turn the call over to Ludo to review our MDA Latin America and SDA Global results.

Ludovic Beaufils

Executive President, KitchenAid Small Appliances, LAR, Global Information Technology, and Design, Whirlpool Corp.

Thanks, Juan Carlos. Turning to slide 15, I'll review the results for our MDA Latin America business. Excluding currency, net sales increased 2.5%, driven by higher volume, partially offset by price/mix. We experienced temporary margin pressure as our mix shifted out of Grupo Casas Bahia's more premium portfolio, resulting in an EBIT margin of 2%. As retail inventories adjust and our volume redistribution settles, we expect the mix to normalize over time. We have announced incremental price increases across the segment of up to 10% effective in Q4, which, alongside our key new product launches, are expected to increase profitability in 2027.

Turning to slide 16, you can see two key product launches that are driving premium growth in MDA Latin America. First, a new lineup of induction cooktops in Brazil, featuring a fresh design that aligns with the premium Brastemp aesthetic. Second, the new Whirlpool & Brastemp French door refrigeration line, with its stunning black liner combining sophisticated design with versatile functionality. These are just two examples of how we are expanding our premium product pipeline in Latin America with high-margin products as we continue to focus on margin expansion.

Turning to slide 17, let's review our SDA Global business. New product launches and our direct-to-consumer channel continue to support share gains globally and help deliver a healthy EBIT margin of 18.6% in the third quarter. We had another quarter of strong sell-out globally, while seasonal order shifts pushed the top line growth into Q4, as evidenced by the approximately 40% increase year-over-year in our October US orders.

We continue to take actions to grow our business beyond our core categories and have recently bolstered our portfolio of licensed products by expanding our kitchen accessory sales through our direct-to-consumer channel. We are also introducing KitchenAid Kids, a new line of role-play toys with lights, sounds, and motion to captivate aspiring young chefs. KitchenAid toys can already be found in key retailers globally.

On slide 18, let me showcase two of our newest product innovations. On the left is our KitchenAid 2026 Design Series Stand Mixer, the Luminaire. It combines the built-in light of our new Artisan Plus with a new fluted glass bowl, and the result is a striking new visual expression for this iconic kitchen appliance. The Luminaire complements our successful Artisan Plus lineup, which has generated strong interest from trade customers and enabled us to capture high-value incremental flooring and high-mix POS.

On the right, we're highlighting the expansion of our KitchenAid Go cordless line. We've added a grater, slicer, shredder, and a vacuum sealer, which means a single rechargeable battery can now power 10 different appliances across the KitchenAid Go collection.

To summarize, we've had a strong performance in the first three quarters and now enter Q4 highly confident in our ability to deliver double-digit growth for the year at highly accretive margins, in line with our full-year guidance.

Let me now turn the call over to Roxanne to review our updated guidance and capital allocation priorities.

Roxanne Warner

Chief Financial Officer & Executive Vice President, Whirlpool Corp.

Thanks, Ludo. Turning to slide 20, we are updating our full-year guidance across organic net sales, ongoing EBIT, and ongoing EBIT margin to reflect the current pace of our margin recovery. On a like-for-like basis, we now expect revenue decline of approximately 1.5% in 2026. This reflects softer demand in the US along with price and mix pressures, particularly in Latin America. We anticipate a full-year ongoing EBIT margin between 2% and 2.2%, driven by continued momentum from our new product launches, strategic pricing, and sustained structural cost take-out.

We are being extremely aggressive around what we can control. On a full-year basis, we expect to deliver approximately \$250 million of gross cost savings, driven by design-to-value cost reductions and strategic cost initiatives. These positive drivers are being offset by the negative impact of volume deleveraging tied to softer demand and fuel and logistics costs, resulting in net cost take-out below \$150 million. Despite these external headwinds, our cash generation is resilient. We expect to deliver free cash flow of approximately \$300 million or approximately 2% of net sales, driven by rigorous working capital discipline, including proactive inventory reductions and stronger cash collection.

Turning to slide 21, let me walk you through our updated EBIT margin guidance for the year. We are now expecting a benefit of 25 basis points in 2026 from price/mix, with the benefits of our multiple pricing actions extending into 2027. We expect a 125 basis point headwind from our cost actions being more than offset by inflation and volume deleverage. We now expect a 100 basis point headwind from raw material inflation, driven by elevated resin and base metal costs.

We expect a lowered 75 basis point headwind from the impact of tariffs, net of tariff mitigation actions. It is important to note that these impacts represent currently announced tariffs and do not factor in any future or potential changes in trade policy. We also now expect no material impact for marketing and technology and a favorable currency impact of 25 basis points, driven by the Mexican peso and Brazilian real.

Turning to slide 22, I will review our updated segment guidance. Starting with industry demand, we now expect MDA Latin America to increase 5% to 7%, with our expectations for MDA North America and SDA Global unchanged. For MDA North America, we now expect to deliver a full-year EBIT margin of more than 2%. For MDA Latin America, we now expect to deliver a full-year EBIT margin of approximately 3%. Our full-year EBIT margin expectations for our SDA Global business remain unchanged.

Turning to slide 23, I will outline the components of our free cash flow guidance. As I mentioned, we expect to deliver approximately \$300 million in free cash flow in 2026. We expect our lower earnings contribution to be fully offset by robust working capital management, including stronger cash collection and inventory optimization, which are expected to protect our cash flow generation and maintain our balance sheet resilience to navigate challenging market conditions.

Turning to slide 24, let me reiterate our capital allocation priorities. Investing in organic growth through product innovation is critical to our business. We will continue to invest in product innovation, digital transformation, and cost efficiency projects with approximately \$400 million of CapEx expected this year.

Turning to our balance sheet and capital allocation, we are very pleased with the proactive steps we've taken to secure long-term financial flexibility in what remains a challenging operating environment. As part of our commitment to optimizing our portfolio, we fully exited our stake in Beko Europe during the second quarter.

In tandem, our strategic capital structure actions have successfully extended our debt maturity profile, leaving us with no major maturities until 2028. Furthermore, we are raising our year-end net debt outlook. We now expect to close the year below \$4.5 billion, improving on our prior target of net debt of less than \$5 billion.

Now, I will turn the call back over to Marc for closing remarks.

Marc Robert Bitzer

Chairman & Chief Executive Officer, Whirlpool Corp.

Thanks, Roxanne. Turning to slide 25, let me wrap up before we take questions. Despite the persistent macroeconomic headwinds, we are focused on what we can control. Driving margin expansion through pricing realization and disciplined execution of our structural cost take-out actions are front and center.

Our rigorous work in capital management is protecting our free cash flow, reinforcing our balance sheet, and maintaining our financial flexibility. Beyond our core major appliances, our business units continue to deliver exceptional value. InSinkErator delivered its second consecutive quarter of year-over-year revenue growth, and SDA Global is on track to deliver very strong performance in 2026.

As we look forward to 2027, we are cautiously optimistic. A combination of, one, a very strong pipeline of new product launches; two, the benefits from the pricing actions we have already taken and announced; and three, the structural cost reduction initiatives that are fully underway together create a solid foundation for margin expansion, and this is absent of a change in the macro environment.

Most importantly, we are fully committed to creating shareholder value. Strategic investments in our US domestic manufacturing footprint are deepening our competitive advantage, and our portfolio of iconic brands and leading position in the builder channel will catalyze the tailwinds from eventual US housing market recovery.

Now, we will end our formal remarks and open it up for questions.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Your first question comes from the line of Sam Darkatsh from Raymond James. Your line is open.

Sam J. Darkatsh

Analyst, Raymond James & Associates, Inc.

Yes. Good morning, Marc, Roxanne, Juan Carlos, Ludo, how are you?

[indiscernible] (00:21:27)

Marc Robert Bitzer

Chairman & Chief Executive Officer, Whirlpool Corp.

Good morning.

Sam J. Darkatsh

Analyst, Raymond James & Associates, Inc.

First question, a lot of moving parts. We're starting to get a little bit more visibility into 2027. As it stands right now – I mean, I know things are fluid, but as it stands right now, what does RMI and tariff and cost take-outs look like for 2027? And then, I've got a quick follow-up.

Marc Robert Bitzer

Chairman & Chief Executive Officer, Whirlpool Corp.

Yeah. So, Sam, I mean, obviously, as you know, we give a guidance and everything else in more detail in our January call. Having said that, let me give you a little bit of perspective. And as you may have heard in my remarks earlier, we're cautiously optimistic for 2027. Now, on the cost side specifically and again, these are, call it, the external cost elements and the internal ones.

Let me first start on the internal ones. What we call our gross productivity from design changes, et cetera, is actually obviously pretty well on track. You also need to understand that, and you know it is, these are massive engineering efforts, which very often have quite a bit of sizable carryover benefit. So, we know pretty much today what we will get next year from these cost changes, and they're on track.

The second part is what I – what we earlier highlighted is the structural cost changes with what we've been doing in Amana, what we're doing in Supsa, what we're doing in Brazil also, between Argentina and Brazil, and lastly with Perrysburg. These are all massive structural cost changes, frankly, which cost us money this year. So, they didn't give us that much benefit this year, but they will carry over. So, we feel very good about, call it, the cost, which we can control. And I would argue from today's perspective, we're probably heading towards one of the highest gross productivity numbers in a number of years.

The flip side is, as you point out, RMI and tariff. The tariff – I mean, we all know that we don't know. Right now we're assuming it's a more stable tariff environment. Obviously, there's a little bit of uncertainty on the Canadian tariff that's probably the only one. But right now, we factor in that's just staying. Hopefully, at one point will go away. But again, we just don't know right now. We just assume it's stable.

On the raw material, as you know, the two biggest raw materials, which we have is steel and resins. Steel is, in particular for North America, has seen a massive price increase over the last 12 months actually of 50%, which I think in many ways you could argue is a little bit disconnected from reality because iron ore went down and the international steel price are now on a completely different level. Having said that, we locked in two out of three contracts, which are long-term contracts. And I would call them, they're at fair prices, not spectacular, but they're fair. So, to some extent, we have a certain buffer, and we have a certain protection, not yet entirely. But it's going to be a hit versus the full-year run rate. Having said that, that is largely baked in already in the back half of this year. So, sequentially, it's not that much of a dramatic change.

And then, you have a plastic side or a resin side, which in the long term typically follows oil. As you have all seen, oil just in Q3 went up 20%, for reasons which we are all aware of. And right now, the only thing, which we can do right now, if oil stays, let's say, around \$100, yes, that would largely be reflected with our run rate of Q3 and Q4. But we all know there is a certain, call it, volatility risk, which by the way, could go in both ways on the oil side heading into 2027.

So, on the raw material, I think oil is right now the biggest factor, which we can't fully foresee. Steel a little bit better because we have these contracts. And then, of course, you have a large tail end on raw materials, which for the entire 2026 were not necessarily favorable. But I would say they are largely reflected in the Q3 and Q4 run rate. So, Sam, it was a long answer to a short question, but I just want to give you a little bit of color.

Sam J. Darkatsh

Analyst, Raymond James & Associates, Inc.

Q

Thank you for that. The second question, the 7% North American pricing effective in December, I'm guessing that's mostly PMAP, but is that PMAP? Is that list? And then, what is the 2027 price rollover at this point understanding that almost everything is really to 2027, not to 4Q? Thanks.

Marc Robert Bitzer

Chairman & Chief Executive Officer, Whirlpool Corp.

A

Yeah. And Sam, let me start, and maybe I will ask Juan Carlos later on to give some additional color. And then, let me combine your question, which probably likely question, which we might get on page 11 anyhow on the price development, which again this chart on price 11 (sic) [page 11] (00:26:17) shows pretty much the price development and since January 2025 us versus competitor. You clearly saw in Q3, we were – June, July, we were aiming very high. We had to course correct a little bit in Q3, and right now we are kind of, call it, boosting another price element in Q4.

And that's what's already been announced to the trade. So, the trade is fully aware of what we are doing, which in reality, there's some, call it, more smaller tactical moves throughout October, November, and then, there is a significant move effective kind of a first week or end of the first week in December, which fully carries over into next year. That significant move, which again is in the ballpark of 7%, is actually a combination of MAP, PMAP, in some cases also first call. So, it's a mixed bag of elements, but it's largely on the MAP where we also gave – in the PMAP where we gave trade visibility for quite some months out. So, it's not just a kind of a one week. It's a fairly predictable one. Again, that has already been communicated to the trade, but it's a combination of different tools.

Juan Carlos?

Juan Carlos Puente

Executive President, NAR and Global Strategic Sourcing, Whirlpool Corp.

A

Yeah. So, obviously, the focus is in the US. In the US, it's 7% starting December 3, and in Canada it's November 1. But it is basically we provide to our trade partners 90-day lead time on all the promotional pricing moving forward, and that is what has been communicated with the trade.

Marc Robert Bitzer

Chairman & Chief Executive Officer, Whirlpool Corp.

A

Maybe just the last comment I want to make, Sam, on your carryover question. Needless to say, when you kind of, with the price increases and knowing that this is a holiday quarter, you can't impact that much anymore of a Black Friday in the promotion period. We'll course correct a little bit, but you can't impact it. So, yes, there is – in the month of December, we expect a sizable lift, and that's already baked in. And of course, that lift will carry over into next year. That's part of the reason why we are cautiously optimistic. Again, this is a competitive environment, but this is what we communicated. And obviously, with these exit run rates, we have, I would say, several points of positive pricing carrying into 2027.

Operator: Your next question comes from the line of David MacGregor from Longbow Research. Your line is open.

David S. MacGregor

Analyst, Longbow Research LLC

Q

Yes, good morning, everyone.

Marc Robert Bitzer

Chairman & Chief Executive Officer, Whirlpool Corp.

A

Morning, David.

David S. MacGregor

Analyst, Longbow Research LLC

Q

Marc, I want – good morning. I wanted to ask you about the fourth quarter free cash flow that's implied in your \$300 million for the year, and specifically around working capital because you talked about reducing inventories, increasing collections. Maybe you can provide some examples of exactly what is your plan to do differently there that gives you confidence in that number. And then also, you've got your Casas Bahia recovery coming through in 4Q, and how much of that should we be modeling?

Marc Robert Bitzer

Chairman & Chief Executive Officer, Whirlpool Corp.

A

So, David, let me give you a high level, and then I would ask Roxanne to give you a little bit more color and details. So, first of all, as you know, I mean, in Q4 that's typically the quarter where our cash flow flips from negative or low to positive. So, that's not unusual. That follows with typical seasonality. Q3 is, and Roxanne will give a little bit more color, is heavily impacted because, of course, we had to – the receivables from Casas Bahia are out or negative in Q3, of which we collect a big portion back into Q4.

If you look at our full-year cash flow guidance in the bridge, of course, we're kind of softer on the earnings side, and we basically make it up on the working capital. You also saw on the working capital initially, so it's now showing a \$300 million. If you compare it to last year, last year we consumed working capital of \$150 million. So, the first \$150 million is basically just the flip back to normal working capital. But yes, we challenged ourselves with an additional \$150 million of working capital, which requires work, and I'm the first one to admit it.

The reason why we're positive about it is our inventories, which is typically the most difficult piece to kind of adjust in the short term are on a very low level. I would even argue to some extent too low level. So, typically, when you have a lot of work in Q4 to take it down, we are already at that level. So, we know that's on a pretty good level. In fact, we may even produce more, which gives us a little bit of a boost on the payable side. So – but yes, we're collecting. We challenged ourselves with an additional \$150 million working capital beyond what we had in mind to offset the earnings shortfall. And right now, we have plans in place to go after that.

Roxanne?

Roxanne Warner

Chief Financial Officer & Executive Vice President, Whirlpool Corp.

A

Thanks, Marc. Hi, David. So, just to put some numbers, particularly on the Casas Bahia portion. In Q3, there's approximately \$150 million of the receivable that we wrote off and that has an impact on the Q3 free cash flow. Our expectation is to then collect approximately \$100 million of that in Q4, so you see that timing shift. And then, as Marc said, to be very specific, we came into this year saying that we're going to go after working capital with everything we have and that's exactly what we did. We did, in the first half, execute the inventory actions precisely as we mentioned in the call that we would do.

And then, now in the Q4, we're very, very focused on cash collections, reducing overdues to levels that we haven't had before. And then, similarly, on accounts payable, working very closely with our suppliers to get those terms that we need to ensure that we deliver the working capital of approximately \$300 million for the year.

David S. MacGregor

Analyst, Longbow Research LLC

Q

Okay. Yeah, thank you for that. Second question, I guess, I just wanted, Marc, to get your impression on replacement demand. And I think we can all track what's going on in the builder channel and discretionary, but the replacement demand we've always thought of as being the rock, right? That was the 55%, 60% of demand that we knew we could count on. It seems as though that's easing up a little bit. People are maybe finding it little easier on the household cash flow to repair rather than replace. What are you seeing in the numbers right now when you look at replacement demand and how are you thinking about that for 2027?

Marc Robert Bitzer

Chairman & Chief Executive Officer, Whirlpool Corp.

A

Yeah. So, David, I would say there's a long-term perspective on replacement and kind of more temporary one. First of all, the long-term one is, reality is we're living right now in a replacement market. You also – you know as well as anybody else that the minus 5% of the industry, which we're forecasting is largely coming off discretionary. That's essentially what – that's the painful part because the discretionary, as you all know, is the more margin-rich and mix-rich part of a business. So, replacement is right now a dominant factor.

Now, come to a temporary one, which you probably alluded to. We've seen in situations in the past where you had a very negative consumer confidence or other elements that people even hold back some replacement decisions. For example, on dishwashers or on a second appliance. So, we've seen these kind of situations before where people temporarily shift into, oh, I'm going to repair another time or I'm going to hold off. In the past and again, we have a reference to the global financial crisis in 2008 and other elements, that temporary situation didn't last very long. I mean, at one point, people will replace it. But yes, we've seen these kind of temporary moves before, and they will course correct. It doesn't change the fact that we're, in the broader context, living in a replacement market, which with our supply chain, et cetera, we're well set up to deal with it. But right now, it doesn't help you on the mix side.

Operator: Your next question comes from the line of Mike Dahl from RBC Capital Markets. Your line is open.

Mike Dahl

Analyst, RBC Capital Markets LLC

Morning. Thanks for taking my questions. I just wanted to start out on the price increase in North America. I mean, Marc, you mentioned having to course correct a little in 3Q, and when you think about the additional price actions, it doesn't seem like, at least at this point, your competitors didn't follow on the summer increases, and I don't believe they've announced similar ones the way you have incrementally. So, is this going to represent kind of a shift in how you're viewing margin preservation or progress versus share in the near term or how would you describe that?

Marc Robert Bitzer

Chairman & Chief Executive Officer, Whirlpool Corp.

Yeah. Michael, so, first of all, obviously, as you know, I can't comment on the competitor price move or what they plan or not plan. I can refer to what is not in the slide that what we've seen in October, and we've seen price moves by the competitors. So, that's just what we see, and I can't speculate in going forward. As we have shown in Q3, we will take the lead, and that's what we're doing because it reflects real cost, it reflects real material cost, and real tariff cost. So, yes, we take a very rational approach.

And – but it's in the context of what you alluded to is our focus is on margin expansion. And that is our focus in Q4, that's our focus in 2027, and you will see that also when we talk about it. And if sometimes you go a little bit ahead and you take a certain risk on the share, that's what we will do and what we've been doing, but all in the context of margin expansion. And frankly, even if I look year-to-date, our overall year-to-date market share is pretty stable. That comes from very strong new products, and today partially you saw already something. But in particular, when you look at our Q1, what we will show where we have a lot of strong products coming. And that's why I think it's also – I think we can take a certain risk on pricing because we have good products.

Mike Dahl

Analyst, RBC Capital Markets LLC

Got it, got it. Okay. And then, just shifting gears, I want to make sure we understand your comments about steel dynamics. So, I think we all appreciate as a large volume buyer not paying anywhere close to what the spot rates

would have done. But I think conceptually, you guys are – your steel buy is multi-billions in the US alone I believe, correct me if I'm wrong. So, even if it's not 50%, even if it's 20%, 10%, I mean, that could be theoretically hundreds of millions of dollars in terms of incremental steel costs to you.

And when I look at your bridge in the second half of this year on raw mats in total, raw mats in total aren't that bad. So, your comment about that being largely reflected in the second half, can you just flesh that out a little and maybe, again, like correct us if we're wrong on kind of ballpark there, but help us understand what you're really trying to say on steel into 2027?

Marc Robert Bitzer

Chairman & Chief Executive Officer, Whirlpool Corp.

A

Yeah. Michael, just as a caveat, of course, I don't want to tell every of my competitors what I'm doing on steel. Second of all, we have steel partners out there, and we're trying to be respectful and not revealing too much detail. To give you a little bit broader context, and some of you followed that very closely, a couple of years ago, we changed our steel contracts from annual steel contracts to multi-year steel contracts. That was actually pre-election, pre-tariffs because we just wanted to be secured, and we didn't want to have big surprises. These steel contracts, in their nature, are a little bit like a hedging contract.

So, you basically typically define certain floors, you define a certain cap, and you typically agree on a trailing price versus a spot rate. So, it's a combination of this one. What it basically does is, it gives you clearly a certain buffer. It gives you typically a discount versus spot rate, but ultimately it doesn't completely disconnect you from a long-term steel price trend. That's a reality. And we felt that also in 2026. So, yes, we had multi-year contracts, but given that the steel prices went pretty much through the roof, we also felt it. I really want to emphasize a big part of that cost is sitting in our Q3 and Q4 margin.

So, big element of Q3 is not in line with our expectation, was actually raw material, steel being very prominent in this one. In that context, Michael, we have secured two of these long-term contracts already because they pretty much expired or are about to expire, and we renewed them. And as I really want to emphasize, I would call them at fair prices. Not hugely positive or negative, but it gives us a certain predictability, and we know pretty much what we carry into next year, which again is not too different from our Q3 and Q4. There's one contract, which is still open. But I'm confident we can close that also pretty soon.

Of course, there's always a question what happens to steel price in the long term, and we've all seen this massive run-up in the last year of basically almost 50%, which I want to emphasize is disconnected from iron ore prices. So, there is not a big rational element behind this one. And ultimately, we also know thankfully some of the steel producers are putting in capital investments to improve productivity because, as you know, American steel today is not cost competitive versus China or Europe by a wide margin.

And we welcome these investments to make it more productive and competitive because we all believe in a strong American steel industry, but it only works if they're competitive. And there's capital investments that are going the right direction. You also know there are capacity investment plans, which may not immediately help you for 2027, but over time will bring a, what I would call, a much healthier, much stronger US steel market.

Operator: Your next question comes from the line of Susan Maklari from Goldman Sachs. Your line is open.

Susan Maklari

Analyst, Goldman Sachs & Co. LLC

Q

Thank you. Good morning, everyone. My first question...

Roxanne Warner

Chief Financial Officer & Executive Vice President, Whirlpool Corp.

Morning.

Marc Robert Bitzer

Chairman & Chief Executive Officer, Whirlpool Corp.

Good morning.

Susan Maklari

Analyst, Goldman Sachs & Co. LLC

...good morning. My first question is going back to your comments, Marc, on the channel inventories. It sounds like they are running fairly lean despite the deceleration in demand that we saw this quarter. Can you just give a little more color on where things are, what that implies for the fourth quarter, and as we think about going into next year? And within that, as you mentioned that your market share was stable, is there any mix shift in terms of the floor space that you have that could also be a benefit as we think about next year as those new products continue to come through?

Marc Robert Bitzer

Chairman & Chief Executive Officer, Whirlpool Corp.

Yeah. Susan, let me start and maybe also Juan Carlos can give some additional color on this one. So, first of all, I would say trade inventories and our inventories are low, and I'm talking about North America particular. So, I think there's a certain cautious side both with the trades and frankly also with us. So, I think the combination, if you would look at an aggregate number of inventory between us and our retailers, it's probably one of the lowest in multi-years. Again, that's probably more a reflection of people very cautious about the current market, which for Q4 means also we certainly don't have to lower production any further. So, all the volume deleveraging, which we talked about is largely behind us.

So, we're sitting right now on low inventories, and we're actually carefully, because we don't want to overshoot, kind of ramping up production also to be in the right inventory position as we head into 2027. So, right now, trade inventories are low, which by the way is also part of the reason why industries and our revenues were also down in Q3 because we know specifically where some of our retail partners reduced inventories. But again, it's – right now it's certainly not elevated, it's quite the opposite, and we have work also in front of us to kind of rebalance everything.

Juan Carlos Puente

Executive President, NAR and Global Strategic Sourcing, Whirlpool Corp.

Yeah. I would just add, so consumer confidence and market volatility is what is translating into trade and also being a little bit more cautious on the supply chain and being more effective. Like Marc was commenting, we will build a little bit more of inventory, so we can get that one back on track, and we can capitalize on growth opportunities moving forward.

Marc Robert Bitzer

Chairman & Chief Executive Officer, Whirlpool Corp.

Susan, the only other comment I want to make relates to your mix question. I mean, as we talked about and we didn't reiterate it today, we feel despite the softness of a discretionary demand that we feel very good about the premium products we brought to the market this year. So, the kind of volumes, which we've seen on the KitchenAid built in line, some of our French Door bottom mount, which we brought to market, we feel very good. So, it works even though the discretionary environment is just very soft, but even giving that into context, I'm really pleased.

And again, we will talk a lot more in our January call. We're now bringing a major push on our premium laundry space, which has not yet launched, but will launch throughout Q1 and Q2, where we have another strong element to help on our mix despite a discretionary poor or discretionary soft environment, which probably will be around us for some time.

Susan Maklari

Analyst, Goldman Sachs & Co. LLC

Q

Okay. That's great color. And then, maybe shifting to the balance sheet, you've obviously done a lot in the last couple of quarters to restore your liquidity and you're guiding to having less than \$4.5 billion of debt by the end of the year. At a high level, do you feel like you have enough liquidity to operate in this kind of an environment? And can you just talk about the ranges? And what happens if things continue to stay more challenging versus perhaps an incremental recovery next year?

Roxanne Warner

Chief Financial Officer & Executive Vice President, Whirlpool Corp.

A

Thanks, Sue. So, a very, very short answer to your question would be yes, we absolutely have the liquidity and the financial flexibility that's needed to operate in this challenging environment. The longer portion of the question is, as I mentioned in my earlier remarks, I am very, very happy that we very early on took the proactive steps that were needed to have the liquidity for us to operate in an environment that at that time we saw was challenging. What that has led to us is a situation where now we have over \$3 billion of available liquidity in a combination of cash as well as our asset-backed lending credit facility. We're now in a position based on the strong work that we've been doing in working capital to adjust the guide for the net debt to say that it is one that will be lower to a number that's below \$4.5 billion.

But then, the other thing, Sue, as I've touched on before, is based on these proactive actions that we've taken, we've cleared the runway in terms of the next time we have a huge debt maturity. It's not until 2028, which gives us the opportunity with the proactive bold actions we've taken in terms of cost and pricing going into 2027 to bring us to a position where we can expand margins. And that also would then contribute overall to the free cash flow and contribute to our priority, which is paying down our debt.

Marc Robert Bitzer

Chairman & Chief Executive Officer, Whirlpool Corp.

A

Susan, let me maybe add some additional comments on the balance sheet. Obviously, everybody knows we've done a lot of actions in Q1 and Q2, be it between equity offering, renewal of a revolver credit, and some bonds. Some people probably accuse us, well, you went too far. But in reality, if we would do the same action, first of all, keep in mind, it would cost us 1 point to 1.5 points more than it did half a year ago. So, we're actually in hindsight very pleased with the timing of when we took the actions. Two, to give a little bit color on liquidity. Yes, we took a lot of time to renegotiate revolver credit. We have not used the revolver since August. It's zero, i.e., so, we haven't even tapped into this one.

As Roxanne pointed out, we have a lot of liquidity end of the year. Some people might even argue too much liquidity. But I think seeing what has happened around our industry over the last two or three years, we want to be on the safe side. I'm the first one to admit this excess liquidity costs us interest, and that's why a big part why the EPS was disappointing also. But right now I'm prepared to carry a little bit too much liquidity around us because we're living in a very uncertain environment. But we feel very good about the strength of liquidity, the balance sheet, the maturities where we are. So, I feel much better from this side, despite all the negative news in the industry.

Operator: Your next question comes from the line of Rafe Jadrosich from Bank of America. Your line is open.

Rafe Jadrosich

Analyst, BofA Securities, Inc.

Hi, good morning. Thanks for taking my questions.

[indiscernible] (00:46:42)

Rafe Jadrosich

Analyst, BofA Securities, Inc.

Just on the working capital improvement that you are talking about for the fourth quarter and the full year, can you talk about how much of that is sort of structural versus onetime and how do we think about that going forward? Is there any specific metrics around like AR, AP that we should be thinking about in terms of a target?

Marc Robert Bitzer

Chairman & Chief Executive Officer, Whirlpool Corp.

So, Rafe, I would say – let me split in two pieces or three of working capital. I think on inventory levels, I don't think with the current system constraints, I don't think we can go a whole lot lower, and we're testing these limits every day. But we're – now over time can we – I would say over time meaning over one or two years, can we further improve our system, become better in how we manage inventory? Yes. But within the current constraints, there is not a whole lot we can do more.

Payables, as you all know, largely follow what we do in our inventory because it's basically just production. Having said that, we've made some good structural progress on extending some terms, not only with overseas suppliers, but also some other suppliers. So, we feel good about the work, which has been done over actually the last one or two years on structurally expanding payment terms.

On receivable, I would say there's – going forward, there's still some opportunities on addressing some of the terms because I think some of the terms do not necessarily reflect the inherent logic that they should cover the inventory, i.e., we give more terms when they carry inventory. And that will be a discussion, which we will have with our partners on the retail side. But one big element you guys should also all keep in mind is, a part of a working capital improvement comes also, yes, our Q3 revenues were down. Revenues are down, but working capital requirements, particularly in receivables also come down. So, there's also an element of just reflecting, do you breathe in or breathe out on your top line, which ultimately comes through in the working capital.

Rafe Jadrosich

Analyst, BofA Securities, Inc.

Thank you. That's very helpful. And then, the second question, just when we think about the outlook in LATAM, specifically just Brazil, two things just – can you remind us what the FX assumption is just because it's changed

really materially in the last 48 hours or so? Like, what's baked into guidance? And then, what's the sort of timeline for recovery and like what's the process right now with Casas Bahia? Like, I'm understanding that you have the insurance recovery, but like on the fundamental standpoint in terms of the inventory clearance, like where are we in that process?

Marc Robert Bitzer

Chairman & Chief Executive Officer, Whirlpool Corp.

A

So, Rafe, let me maybe address the overall currency and then either Ludo or Roxanne, if you can address the Casas Bahia recovery. So, on the FX, first of all – I mean, we typically don't publish our currency assumption. Having said that, keep in mind when we talk about the Brazilian real and obviously you followed it, but the day after the election moved by 10%, which by the way is pretty close to where it was at the beginning of the year, just to put it in context. So, yes, we've seen that massive currency move.

There's two elements, which, call it, soft net a little bit. One is, of course, we have hedging in place. And in a strong real environment, the hedging costs you and now we will see the hedging benefits. So, we will see only a fraction of these moves in our actual P&L once you net out the hedging. The second thing is, which you also need to keep in mind more operational is, yes, some of the components over time because some of them are imported then cost you more. At the same time, it makes the imports of finished goods a little bit more expensive. And keep in mind, we are a local producer.

So, from a competitive environment, that's not necessarily all bad news for us. Because, again, we are the local producer in Brazil, much like we are the local producer in the US. So, it's not all bad. But given that it is fresh, very transparency, we are now going through all the potential ramifications, which come with the election outcome in Brazil.

Ludovic Beaufls

Executive President, KitchenAid Small Appliances, LAR, Global Information Technology, and Design, Whirlpool Corp.

A

Yeah. In regards to the GCB recovery, there is a lot of uncertainty out there. The decisions from the judge on the bankruptcy proceedings happened just last week, which starts the clock, a 60-day clock on the restructuring plan. So, we're watching that intently. Obviously, we are a very big supplier to GCB, a very big player in Brazil, so we have a seat at that table, and we'll be watching how these guys proceed in terms of recapitalizing the business. This is going to take a little bit of time. We'll have more visibility as we exit Q4. Sequentially, therefore, there is not going to be a whole lot of change from Q3 to Q4. But we expect things to normalize going into 2027 as the volume gets redistributed to other players and/or GCB re-emerges with a much better structure.

Operator: Your next question comes from the line of Jeffrey Stevenson from Loop Capital Markets. Your line is open.

Jeffrey Patrick Stevenson

Analyst, Loop Capital Markets LLC

Q

Hey, thanks for taking my questions today. I wanted to follow up on Latin America and wondered whether the 10% price increase across the region was incremental to the August 5% increase you announced last quarter for Brazil or was the timing pushed back on that? And then, could you also talk about any sequential change in promotional intensity in the region as we move through the back half of the year?

Ludovic Beaufls

Executive President, KitchenAid Small Appliances, LAR, Global Information Technology, and Design, Whirlpool Corp.

A

Yeah. So, the pricing we took in August, this was specifically Brazil pricing to the extent of about 5%. So, we've actually been fairly pleased with the fact that our volumes held as we went through that price increase. Obviously, we were also dealing with the Casas Bahia situation at the time. So, that led to little bit of erosion in that pricing realization, but it's still there and being realized. The up to 10% price is across the entire segment. So, there's a wide range across the various markets that we deal with. Some of that is going in markets very, very shortly. You'll see limited impact in Q4 when it's all said and done, given that we're sort of unwinding, and some of that will hit mostly December, but not a whole – have a whole lot of impact to the quarter.

With that, we're also, to the second part of your question, we're moderating, to some extent, the promotional activity around Black Friday, again, in a variety of markets. In particular, I would say in Mexico at this point and to some degree as well in Brazil.

Jeffrey Patrick Stevenson

Analyst, Loop Capital Markets LLC

Q

No, that's very helpful. Thanks for that. And then, I was hoping you could provide more color on the meaningful demand shift in your SDA Global business from the third to fourth quarter where you're seeing orders up 40% in October. Just any more color there would be helpful.

Ludovic Beaufls

Executive President, KitchenAid Small Appliances, LAR, Global Information Technology, and Design, Whirlpool Corp.

A

Yeah. So, maybe I'll take a quick step back on the sort of how this business works. Specifically in the US, you have large trade partners that buy in what we call bulk orders for the season to get ready for the major activity that happens around Black Friday in particular. These bulk orders will sometimes concentrate more so in Q3, sometimes more so in Q4, and this year is a year where they have shifted from Q3 to Q4, which led to this more muted top line in the third quarter for the business.

The result of that is visible and tangible at this point in our hands. That's the 40% increase in our order position as of this point in the month of October. Going into the quarter, we also had an extremely strong year-over-year comp in terms of orders on hand for the entire quarter. The good news is while these bulk orders are lumpy, they are known. And so, we are readying ourselves from a production standpoint as well as from a shipment standpoint. They are on our hands, in our books, and they are being shipped as we speak, which again gives us really strong confidence we can have a fantastic Q4 and exit the year at double-digit growth consistent with the guidance we've given.

Marc Robert Bitzer

Chairman & Chief Executive Officer, Whirlpool Corp.

A

And Jeffrey, it's Marc again. I know this is a Q3 call, not necessarily an October business review, but obviously just to echo what Ludo was saying, October for SDA, because it's almost done, is a very, very strong month, which exactly confirms in actuals what Ludo right now is pointing towards. So, we feel very good about the SDA run rate and the overall Q4. So, we feel very good and exactly confirms what Ludo was highlighting.

Operator: Your next question comes from the line of Sam Reid from Wells Fargo. Your line is open.

Sam Reid

Analyst, Wells Fargo Securities LLC

Q

Thanks, everyone. Wanted to touch on the builder channel here. I believe your pricing in the channel is already in place. Just want to discuss realization, any benefits that you got from that in the third quarter, or whether that's supposed to ramp into the fourth quarter in 2027.

Marc Robert Bitzer

Chairman & Chief Executive Officer, Whirlpool Corp.

A

Sam, it's Marc, and maybe I will have Juan Carlos to add on this one. I think what you are pointing out is very important aspect. The builder segment, as you know, is a very big part of our business. Unfortunately, not that big as it could be because of market environment, but it's a big part. The pricing in the build is not as straightforward as with retailers. Very simply because builders give out quotes, and we give quotes to builders quite a bit in advance, and in many cases, we have annual or national contracts. So – and of course, we're trying to find with our builder partners the right balance between not breaking quotes, which we've already given, but at the same time not dragging our price increase forever.

And that's a careful balancing act, which we've, I think, done in partnership with our builder partners. So, I would say in Q3 we've gotten some pricing, and particularly towards the end of the quarter, more and more of the pricing, maybe not fully to the level of retail. But we'll continue to work with our builder partners to kind of make sure we reflect the real cost and keep all this in mind. In particular, from a builder segment, you have cost increases coming from final-mile delivery to construction sites, which are significant. So, we are getting it. We're pursuing it. I think there's a good discussion with our builder partners because they understand these costs, but of course, nobody wants to surprise the final consumer with a cost increase.

Juan Carlos Puente

Executive President, NAR and Global Strategic Sourcing, Whirlpool Corp.

A

Yeah. What I will add, so it is consumer pricing plus support that we give to the channel. In Q3, we saw a significant improvement between Q2 to Q3, more than – more tended to Q3, and we will see some of that also coming in, in Q4. But it is pricing in the quotes, plus the attitude that we have on serving the customer, especially on the final mile, like Marc was commenting. But that comes with a little bit of lag, and we saw in Q3, and we will see more in Q4.

Sam Reid

Analyst, Wells Fargo Securities LLC

Q

That's helpful. And then, maybe let's switch gears and talk commodities a little bit. So, I understand you've locked in, I think, two of your major steel contracts, but there is that third one that's still out there. I think you mentioned that you'd have some visibility into that soon. Maybe just contextualize the timing there and then perhaps the magnitude of how large that contract hypothetically would be, just so we have a rough sense as to implications for 2027. Thanks.

Marc Robert Bitzer

Chairman & Chief Executive Officer, Whirlpool Corp.

A

Yeah. Sam, we're [ph] now (00:58:09) getting really into the details of our steel contract. And again, that's why I'm not quite sure I want to share with our competitors everything we are doing. Again, we have locked in two of the contracts, and they are fair terms. The third one is, I would call in advanced stages, and I'm confident we can close it. Keeping also in mind, we have flexibility on shifting volumes between different partners. And between all of this one, I'm very confident we can close it very soon. And again, from today's perspective, assuming steel prices at least stay on this super elevated level, which we are right now, I think we will not have a huge surprise coming into 2027.

Operator: Your next question comes from the line of Eric Bosshard from Cleveland Research. Your line is open.

Eric Bosshard

Analyst, Cleveland Research Co. LLC

Good morning.

Q

Marc Robert Bitzer

Chairman & Chief Executive Officer, Whirlpool Corp.

Hey, Eric.

A

Eric Bosshard

Analyst, Cleveland Research Co. LLC

Hi. To follow up, I heard the comment about making good progress with price on builders, and I thought the chart was super helpful of progress on retail pricing. The yellow line was helpful. It must be apples and oranges. The flows were that I think you reduced your price/mix number. And so, can you just help me square, like lots of progress except that the realized price/mix is less than what was targeted 90 days ago. What's the difference between those two?

Q

Marc Robert Bitzer

Chairman & Chief Executive Officer, Whirlpool Corp.

So, I mean, Eric, again, first of all, just to clarify this chart, which you see on page 11, given that this is a price scraping tool, which we get every week basically from websites, literally 10,000 of data pretty much on a monthly base, that by definition is retail. It's not necessarily the builder price, okay? So, that's – while unless the indirect builder pricing, which will come through some of our home improvement channel, so. But it's largely a retail pricing. So, the builder pricing, of course, is a whole lot less covered and tracked for the real data.

A

Again, having said, and I want to repeat what I said before, is we got significant progress in Q3 on the builder pricing. It was clearly and is delayed versus the retail pricing, and that is simply driven by the fact that neither builders nor us want to kind of give a huge surprise to the consumer who already agreed on a certain overall price, and that's what we're kind of managing through. But right now, I would say overall the moves on the builder pricing are just happening the same way, just a little bit later.

Juan Carlos?

Juan Carlos Puente

Executive President, NAR and Global Strategic Sourcing, Whirlpool Corp.

I would just say that it's magnified with a lower mix, basically because of the replacement market. So, that's kind of also impacted in the PMR.

A

Roxanne Warner

Chief Financial Officer & Executive Vice President, Whirlpool Corp.

[indiscernible] (01:00:43). In terms of the global price/mix, the two things to keep into consideration is, one, it does not only reflect the US. So, the decline that you're seeing is also us reflecting the GCB bankruptcy reorganization impact that Ludo just touched on from a mix standpoint. And then, the second element is the element exactly that

A

Marc and JC just touched on, which is the mix related to the replacement demand and us just reflecting that in the overall price/mix number. The pricing itself is absolutely on track.

Eric Bosshard

Analyst, Cleveland Research Co. LLC

Q

Okay, perfect. Great. And then, secondly, the progress you've made on price and the additional price, this is a North American retail question. In aggregate, it's like 15%, almost 20% price into North American retail, North American consumer. How are your thoughts about making that level stick and does that have any impact on demand or mix or does that just basically flow through?

Marc Robert Bitzer

Chairman & Chief Executive Officer, Whirlpool Corp.

A

And so, Eric, again, specifically in North America, again, when we talk about these very big increase numbers, that always relates to January 2025. And as you saw last week, we already took some prices, so year-over-year is a little bit less than this since January overall. Having said that and this is what you saw since Q3, I think by and large it's sticking. Whenever we see certain elements where we have to course correct, we slightly course correct, but by and large, it's sticking. I absolutely today do not see an impact on the overall category demand from consumer perspective. Again, it's a replacement market. Consumers know they have to replace a product. Typically, the awareness of consumer going into a store about the expected price is limited. So, the elasticity, if you want to say so, is very limited.

Having said that, you do see sometimes that a consumer wants to just stick a certain budget. I.e., a consumer goes in the store and say, I don't want to spend more than \$600 on a top loader. So, what it basically means for us, it could be the consumer mix down one price point or one SKU from our perspective. And that's exactly what we're kind of trying to balance between what is the benefit of raising prices versus how much you lose on the mix side. I think over years we have gotten a pretty good experience in how we fine-tune that, and that's what we will do also going forward.

Juan Carlos Puente

Executive President, NAR and Global Strategic Sourcing, Whirlpool Corp.

A

What I will add, Eric, is our new product launches, and we described two of them in the presentation, but we have been talking about them throughout the different earnings release. That is supporting and enhancing our margin expansion and top line growth. So, we will continue leveraging our product launches to be able to drive innovation, pricing, and margin expansion.

Operator: Your next question comes from the line of Andrew Carter from Stifel. Your line is open.

W. Andrew Carter

Analyst, Stifel, Nicolaus & Co., Inc.

Q

Hey, thank you. Good morning. Wanted to ask and I know what I'm kind of thinking through on your actual pricing is kind of is difficult, but I think you would be probably, from what you're saying at retail and what's flowing through, somewhere in the kind of mid-to high-single digit range. Your organic growth in the fourth quarter or third quarter was down 8% in North America. That puts your kind of shipment volume, whatever, in the minus 12%. I realize there is some mix in there that's probably unfavorable, but that compares to AHAM shipments down in the minus 3% range. So, I guess, first off, like you said you were holding market share earlier, so how do those two square? And anything you can give us on POS, where you have visibility of your brands relative to the overall category? Thanks.

Marc Robert Bitzer

Chairman & Chief Executive Officer, Whirlpool Corp.

A

So, Andrew, there is a very simple answer to this one. Our market share this year is very steady throughout all three quarters. You had last year, following our price increase you had in Q2, a very soft market share and in Q3 a much higher market share. So, it's a pure baseline comparison. Actually, if I look at our market share Q1, Q2, and Q3, it is very, very stable, and I feel very good about it. Having said that, we monitor our POS trends every week and see exactly what we need to be doing and what we don't need to be doing. But, of course, we saw in the month of September and also October, the industry was soft, and of course, we see that also reflected in our POS trends.

There is one big element, which I want to also add, which is a point of strength for us increasingly. We typically have POS data from our big trade partners, but there is still a very significant independent retail or builders and particularly independent retailers, where we actually have strengthened our position over last year. And that is a little bit richer from a mix perspective channel. It's not fully captured in POS data. So, I would say whatever we might lose on some POS accounts, we have right now good compensating elements on the independent retail.

W. Andrew Carter

Analyst, Stifel, Nicolaus & Co., Inc.

Q

Thanks. Next question, I guess, in terms of you said at the top of the call you wanted to expand margins in 2027. I guess, simply put, at this point, with the cost savings you have in hand, the kind of known inflation, what kind of pricing do you have to execute next year and could you hold margins in a flat volume environment with your savings, pricing, et cetera, next year? Thanks.

Marc Robert Bitzer

Chairman & Chief Executive Officer, Whirlpool Corp.

A

Yeah. So, Andrew, of course, we're not yet giving 2027 guidance. Having said that, our clear focus, full Q4 and also next year, is margin expansion, period. And we – some of you followed us a little bit longer. Every once in a while, every couple of years, we have a clear focus on margin expansion, and we tend to be doing what we talk about. And that is the number one priority across the entire company. Of course, if you right now add up what we're doing with structural cost increases and if you add on top of that the carryover pricing, you would feel very good against that objective. But we all experienced in 2026 the macro environment turned out very different than we assumed in January, okay? That's the reality. It's not that we like it, but that's reality.

So, as you would expect from us, we're kind of right now having plans on the margin expansion, which might go well beyond what we actually end up communicating. But again, that's a decision, which we will make in January once we see the year unfolding. But from a underlying work, which has been done with structural cost take-outs and the pricing action, I think we set ourselves up for what I would call a very solid foundation for margin expansion.

Marc Robert Bitzer

Chairman & Chief Executive Officer, Whirlpool Corp.

So, with that in mind, I think that was the last question. I'm not even quite sure I should repeat what I just commented, but again, I want to reiterate this. Of course, 2026 was full of challenges, and I'm not blaming the external environment. We focus on what we can control, and that is cost take-out and pricing. You heard us talking quite a bit about it. We are, I would say, beginning to be cautiously optimistic about 2027, but we also recognize we have work to be done, and we are still living in a very volatile overall macro environment.

With that in mind, I want to thank you for listening to us and hope to talk to you sometime soon. Thanks a lot.

Operator: Ladies and gentlemen, that concludes today's conference call. You may now disconnect.

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