

# Third-Quarter 2019 Earnings Review

Wednesday, October 23, 2019



# GLOBAL OVERVIEW



Marc Bitzer

Chairman and  
Chief Executive Officer



# 2019 THIRD-QUARTER HIGHLIGHTS

- Very solid global performance with ongoing EBIT<sup>(1)</sup> margin at 7.2% (up 100 bps)
- Impressive North America EBIT<sup>(3)</sup> margin of 12.8% (up 80 bps)
- Significant year-over-year and sequential improvement in EMEA results (near break-even)
- Trending towards high end of full-year ongoing EPS<sup>(1)</sup> range of \$14.75 - \$15.50
- Strong progress towards long-term Gross Debt/EBITDA target of ~2.0

# PROGRESS TOWARD LONG-TERM GOALS

Long-Term Goals

## Profitable Growth

**~3%**

Annual Organic Net Sales Growth

	Net Sales	YoY Change
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Q3 2019

	\$5.1B	(4.4)% <i>(+1.6% organic<sup>(4)</sup>)</i>
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FY 2019  
(Forecast)

	~\$20.6B	(2.1)% <i>(+2.5% organic<sup>(4)</sup>)</i>
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(4) Organic net sales reflects YoY change in net sales adjusted for currency and the Embraco divestiture. See Organic Net Sales reconciliation in the appendix

## Margin Expansion

**~10%**

Ongoing Earnings Before Interest and Tax, % of Net Sales

	Ongoing EBIT Margin <sup>(1)</sup>	YoY Change
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	7.2%	1.0pts
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	6.8%+	~0.5pts
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## Cash Conversion

**6%+**

Free Cash Flow as % of Net Sales

	Free Cash Flow <sup>(2)</sup>	FCF as % of Net Sales
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	\$(805)M	nm
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	~\$800M*	~4%*
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nm = not meaningful  
\*Includes net proceeds and the term loan repayment related to the sale of Embraco

# Q3 2019 ONGOING EBIT MARGIN<sup>(1)</sup> DRIVERS

<i>(Approximate impact)</i>	Q3
<b>2018 Ongoing EBIT Margin</b>	<b>6.2%</b>
Price / Mix	1.50
Net Cost (excluding Raw Material/Tariff Inflation)*	0.25
Raw Material/Tariff Inflation	-0.25
Marketing & Technology Investments	-0.50
Currency	-
<b>2019 Ongoing EBIT Margin</b>	<b>7.2%</b>

\*Inclusive of Fixed Cost Takeout, Ongoing Cost Productivity (including conversion and freight & warehousing) and Restructuring Benefits

# REGIONAL OVERVIEW



Jim Peters

Executive Vice President  
and Chief Financial Officer

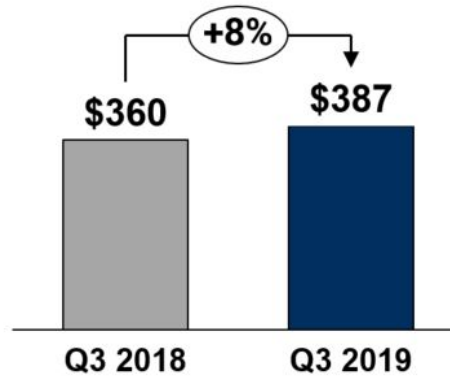


# NORTH AMERICA THIRD-QUARTER RESULTS

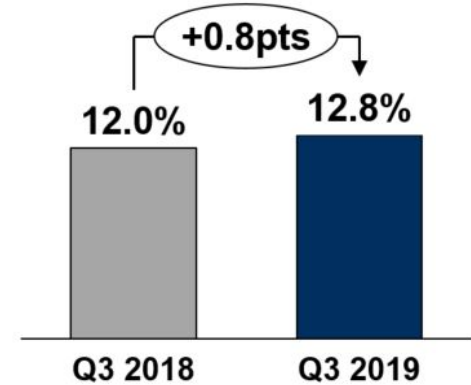
Net Sales (\$B)



EBIT<sup>(3)</sup> (\$M)



EBIT Margin<sup>(3)</sup>



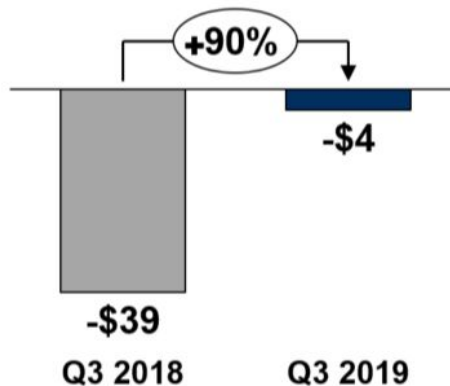
- Revenue growth despite continued industry demand weakness in Canada
- Record EBIT performance driven through strong price/mix and focused cost discipline
- Awarded five-year exclusive supplier relationship with DR Horton; effective January 2020

# EMEA THIRD-QUARTER RESULTS

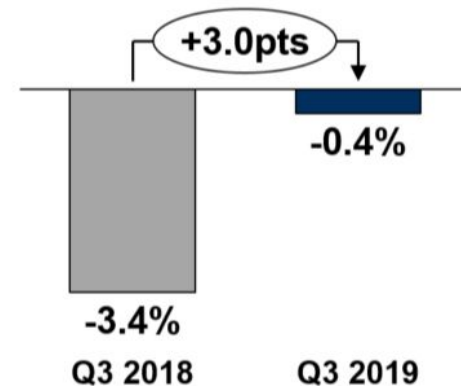
### Net Sales (\$B)



### Ongoing EBIT<sup>(3)</sup> (\$M)



### Ongoing EBIT Margin<sup>(3)</sup>



- Excluding MEA, core unit volume growth of 5%, driven by continued momentum in key countries
- Excluding currency, total regional sales were approximately flat
- Significant EBIT recovery driven by cost reduction initiatives
- Strategic actions to restore profitability fully on track

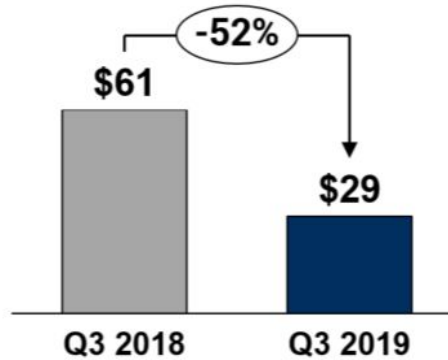


# LATIN AMERICA THIRD-QUARTER RESULTS

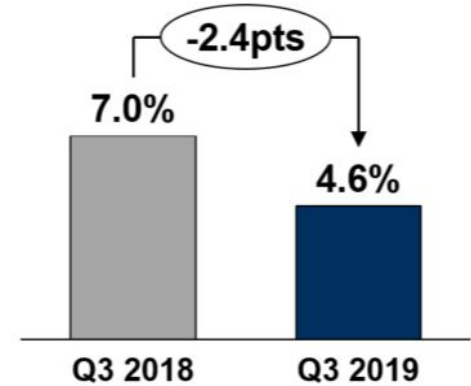
### Net Sales (\$M)



### EBIT<sup>(3)</sup> (\$M)



### EBIT Margin<sup>(3)</sup>



- Unit volumes negatively impacted by temporary trade inventory timing
- Organic net sales<sup>(4)</sup> growth of approximately 4%
- EBIT margin impacted by lower fixed cost leverage and currency devaluation in Argentina

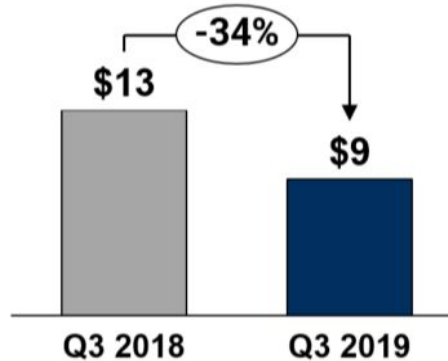
Note: Embraco compressor business sale complete as of July 1, 2019; Q3 2019 excludes Embraco operations while 2018 results include Embraco operations

# ASIA THIRD-QUARTER RESULTS

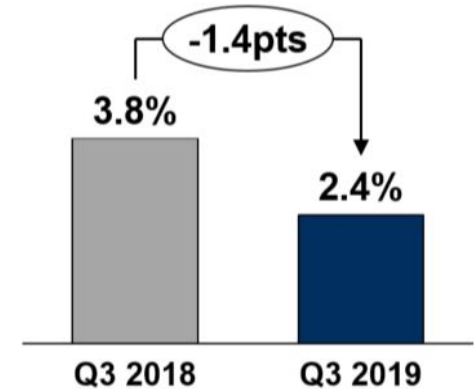
### Net Sales (\$M)



### EBIT<sup>(3)</sup> (\$M)



### EBIT Margin<sup>(3)</sup>



- Strong India results driven by double-digit revenue and EBIT growth
- China results impacted by weak industry demand and brand investments
- Whirlpool brand transition in China on track

# 2019 OUTLOOK



Marc Bitzer

Chairman and  
Chief Executive Officer



Jim Peters

Executive Vice President  
and Chief Financial Officer



# 2019 GUIDANCE REAFFIRMED

Long-Term  
Goals

## Profitable Growth

**~3%**

Annual Organic Net Sales Growth

## Margin Expansion

**~10%**

Ongoing Earnings Before Interest  
and Tax, % of Net Sales

## Cash Conversion

**6%+**

Free Cash Flow as % of Net Sales

2019  
Guidance

Net Sales

YoY  
Change

**~\$20.6B**

**(2.1)%**

*(+2.5% organic<sup>(4)</sup>)*

Ongoing  
EBIT Margin<sup>(1)</sup>

YoY  
Change

**6.8%+**

**~0.5pts**

Free  
Cash Flow<sup>(2)</sup>

FCF as %  
of Net Sales

**~\$800M\***

**~4%\***

(4) Organic net sales reflects YoY change in net sales adjusted for currency and the Embraco divestiture. See Organic Net Sales reconciliation in the appendix

\*Includes net proceeds and the term loan repayment related to the sale of Embraco

**Trending Towards High End of Full-Year Ongoing EPS range of \$14.75 - \$15.50**

# 2019 ONGOING EBIT MARGIN<sup>(1)</sup> GUIDANCE PROGRESSION







<i>(Approximate impact)</i>	Previous	Current	Comments
<b>2018 Ongoing EBIT Margin</b>	<b>6.3%</b>	<b>6.3%</b>	
Price / Mix	+1.75	+2.00	<ul style="list-style-type: none"> <li>• Carryover effect of 2018 price/mix actions</li> <li>• Previously announced U.S. kitchen and Brazil pricing effective Q1 2019</li> </ul>
Net Cost (excluding Raw Material/Tariff Inflation)*	+0.25	-	<ul style="list-style-type: none"> <li>• Fixed and ongoing cost reduction actions are offset by unit volume loss related to soft global demand</li> </ul>
Raw Material/Tariff Inflation	-0.75	-0.75	<ul style="list-style-type: none"> <li>• Current expectations: ~\$150M cost inflation</li> <li>• Includes all currently announced tariffs</li> </ul>
Marketing & Technology Investments	-0.50	-0.50	<ul style="list-style-type: none"> <li>• Increased brand and product investments</li> </ul>
Currency	-0.25	-0.25	<ul style="list-style-type: none"> <li>• Current rates compared to 2018 (primarily ARS, BRL &amp; GBP)</li> </ul>
<b>2019 Ongoing EBIT Margin</b>	<b>~6.8%</b>	<b>6.8%+</b>	

\*Inclusive of Fixed Cost Takeout, Ongoing Cost Productivity (including conversion and freight and warehousing) and Restructuring Benefits

**Expect to Deliver Margin Expansion Through Price/Mix and Fixed-Cost Actions**

# 2019 REGIONAL GUIDANCE

	Industry		EBIT %	
	Previous	Current	Previous	Current
 North America	(2) – 0%	Unchanged	~12%+	12%+
 Europe, Middle East & Africa	(1) – 1%	Unchanged	~0%	Unchanged
 Latin America	~5%	3 – 4%	6%+	~6%
 Asia	1 – 2%	Unchanged	~3%	Unchanged

 <b>Whirlpool</b>	<b>Total</b>	~Flat*	<b>Unchanged*</b>	~6.8%	<b>6.8%+</b>
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Note: EMEA reflects ongoing EBIT %

\*Weighted average

# 2019 FREE CASH FLOW<sup>(2)</sup>

<i>(Approximate impact in millions)</i>	2018	2019F	Comments
Cash Earnings / Other Operating	\$1,450	\$1,500	<ul style="list-style-type: none"> <li>• Margin expansion partially offset by sale of Embraco</li> <li>• No change from second-quarter estimates</li> </ul>
Capital Expenditures	\$(590)	\$(625)	<ul style="list-style-type: none"> <li>• Continued innovation funding</li> </ul>
Working Capital Improvement	\$355	\$200	<ul style="list-style-type: none"> <li>• Sustained improvement (primarily inventory)</li> </ul>
Restructuring Cash Outlays	\$(260)	\$(200)	<ul style="list-style-type: none"> <li>• Reflects additional restructuring initiatives in EMEA (primarily Naples, Italy manufacturing facility)</li> </ul>
Proceeds from Sale of Embraco	\$0	\$1,011	<ul style="list-style-type: none"> <li>• Completed sale of Embraco business</li> </ul>
Other One-Time Items	\$(100)	\$(100)	<ul style="list-style-type: none"> <li>• Detail provided in the appendix</li> </ul>
<b>Free Cash Flow (Incl. Embraco)</b>	<b>\$853M</b>	<b>~\$1,800M</b>	
Term Loan Repayment	\$0	\$(1,000)	<ul style="list-style-type: none"> <li>• Embraco proceeds were used to pay down term loan in August</li> </ul>
<b>Free Cash Flow</b>	<b>\$853M</b>	<b>~\$800M</b>	

# DISCIPLINED CAPITAL ALLOCATION STRATEGY

Fund the Business	Target	Status/Expectations
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Capex/R&D	Capex: ~3% of net sales R&D: ~3% of net sales	<ul style="list-style-type: none"> <li>• On-track</li> <li>• On-track</li> </ul>
Mergers & Acquisitions	Opportunistic M&A with high ROIC threshold	<ul style="list-style-type: none"> <li>• Closed on Embraco sale in July 2019</li> <li>• Closed on South Africa sale in Sep 2019</li> </ul>

Return to Shareholders	Target	Status/Expectations
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Dividends	~30% of trailing 12-month ongoing net earnings	<ul style="list-style-type: none"> <li>• Quarterly dividend of \$1.20 per share</li> </ul>
Share Repurchase	Continue repurchasing	<ul style="list-style-type: none"> <li>• ~\$700M authorization remaining</li> </ul>
Targeted Capital Structure	Maintain strong investment grade rating; Gross Debt/EBITDA of ~2.0	<ul style="list-style-type: none"> <li>• \$1B term loan repaid; Gross Debt/EBITDA of ~2.5</li> </ul>



# CURRENT PLANNING ASSUMPTIONS FOR 2020

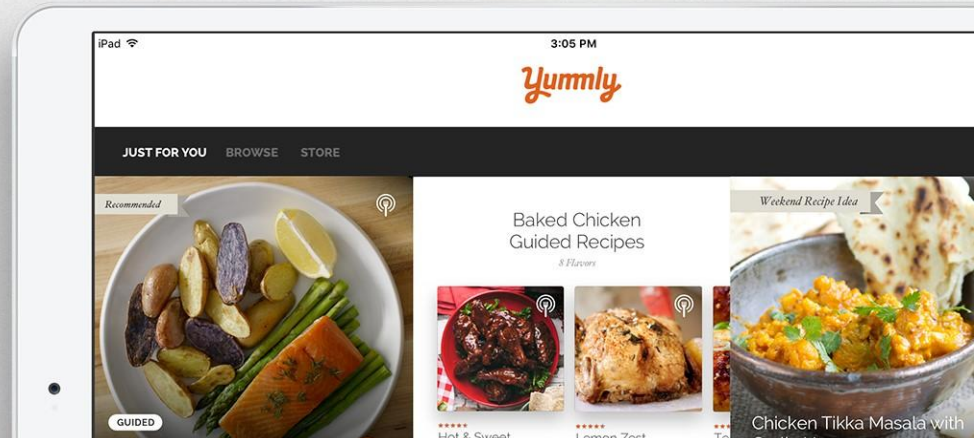
Guidance Component	Expectations
<b>Industry Growth</b>	<ul style="list-style-type: none"><li>• Global industry growth ~flat</li><li>• North America ~flat as modest U.S. growth offset by soft Canada demand</li></ul>
<b>RMI/Tariff Inflation</b>	<ul style="list-style-type: none"><li>• Unfavorable tariff impact offset by favorable material costs</li><li>• Expected to be ~flat</li></ul>
<b>Depreciation/ Amortization</b>	<ul style="list-style-type: none"><li>• Expected to be ~flat</li></ul>
<b>Restructuring Expenses</b>	<ul style="list-style-type: none"><li>• Significantly reduced restructuring expenses (\$75-\$100M)</li></ul>
<b>Tax Rate</b>	<ul style="list-style-type: none"><li>• Effective 2020 tax rate expectation of 20% to 25%</li></ul>

**Full 2020 Guidance Will Be Provided on Our January Earnings Call**

# Q&A AND CLOSING REMARKS



*Yummly*



- Very solid momentum in our global business with significant global margin expansion
- Strong fundamentals in North America leading to continued margin expansion
- Strategic actions to restore EMEA profitability fully on track
- Significant progress towards long-term Gross Debt/EBITDA target of ~2.0
- Leveraging unique global position to deliver long-term shareholder value

**Whirlpool**  
**CORPORATION**

A large, stylized version of the Whirlpool logo. The word "Whirlpool" is written in a bold, black, sans-serif font. A thick, yellow, curved line swirls around the letters "p" and "o", starting from the top right, looping under the "p", and ending at the bottom left. Below "Whirlpool", the word "CORPORATION" is written in a smaller, bold, black, sans-serif font.

# APPENDIX



# 2019 GUIDANCE COMPONENTS (APPROXIMATE IMPACT)

Income Statement	FY2018A	FY2019E
Raw Material/Tariff Inflation	\$(300)M	\$(150)M
Restructuring Costs	\$247M	\$200M
Interest Expense	\$192M	\$200M
Adjusted Tax Rate	6.6%	15-20%
Weighted-Average Diluted Shares Outstanding	67.2M	64.2M*

Cash Flow Statement	FY2018A	FY2019E
Capital Expenditures	\$590M	\$625M
U.S. Pension Contributions	\$380M	-
Dividends Paid	\$306M	\$229M**
Amount of Stock Repurchased	\$1,153M	\$100M**
Restructuring Cash Outlays	\$261M	\$200M
Ongoing Cash Tax Rate	18%	Low 20's

\*Estimated full-year weighted-average diluted shares outstanding inclusive of actual share repurchases as of 9/30/2019

\*\*YTD as of 9/30/2019

# Q3 ORGANIC NET SALES<sup>(4)</sup> RECONCILIATION

<i>(Approximate impact in millions)</i>	Q3 2018	Q3 2019	Change	Comments
<b>Net Sales</b>	<b>\$5,326M</b>	<b>\$5,091M</b>	<b>(4.4)%</b>	
Less: Embraco Net Sales	\$(266)	\$0		• Embraco sale completed July 1, 2019
Add-Back: Currency	n/a	\$50		• EUR and GBP
<b>Organic Net Sales</b>	<b>\$5,060M</b>	<b>\$5,141M</b>	<b>1.6%</b>	

# FULL-YEAR ORGANIC NET SALES<sup>(4)</sup> RECONCILIATION

<i>(Approximate impact in billions)</i>	2018	2019F	Change	Comments
<b>Net Sales</b>	<b>\$21.0B</b>	<b>\$20.6B</b>	<b>(2.1)%</b>	
Less: Embraco Net Sales	\$(1.1)	\$(0.6)		<ul style="list-style-type: none"> <li>• 2019 guidance includes 6 months of net sales (Jan-June)</li> </ul>
Add-Back: Currency	n/a	\$0.4		<ul style="list-style-type: none"> <li>• BRL, EUR and GBP</li> </ul>
<b>Organic Net Sales</b>	<b>\$19.9B</b>	<b>\$20.4B</b>	<b>2.5%</b>	



# Q3 ORGANIC NET SALES<sup>(4)</sup> RECONCILIATION

## LATIN AMERICA REGION

<i>(Approximate impact in millions)</i>	Q3 2018	Q3 2019	Change	Comments
<b>Net Sales</b>	<b>\$878M</b>	<b>\$632M</b>	<b>(27.9)%</b>	
Less: Embraco Net Sales	\$(266)	\$0		• Embraco sale completed July 1, 2019
Add-Back: Currency	n/a	\$5		• Currency had an immaterial impact in the quarter
<b>Organic Net Sales</b>	<b>\$612M</b>	<b>\$637M</b>	<b>4.1%</b>	

# EMBRACO COMPRESSOR BUSINESS

## HISTORICAL FINANCIALS / GAIN CALCULATION

As disclosed in quarterly reports on Form 10-Q:

(In USD millions)	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019
<b>Net Sales</b>	\$296	\$285	\$266	\$288	\$312	\$323
<b>EBIT</b>	\$7	\$9	\$21	\$17	\$24	\$23

- On April 24, 2018, entered purchase agreement with Nidec Corporation
  - Met the criteria for held for sale accounting through the closing date
  - Depreciation stops under held for sale accounting treatment
- On July 1, 2019, completed the sale of Embraco
  - Received cash proceeds of \$1.0 billion, inclusive of cash on hand adjustments
  - Repaid the outstanding term loan amount of approximately \$1 billion
  - Recorded a pre-tax gain\*\*, net of transaction and other costs, of \$511 million
  - Embraco was reported within our Latin America reportable segment through June 30, 2019

Additional information concerning the transaction and gain can be found in Whirlpool's filings with the Securities and Exchange Commission, including the company's to-be-filed Form 10-Q for the quarter ended September 30, 2019.

(In USD millions)	Q3 2019
<b>Proceeds</b>	\$1,011
<b>Net Book Value</b>	(\$448)
<b><u>Other Costs*</u></b>	<b><u>(\$52)</u></b>
<b>Pre-Tax Gain on Sale**</b>	<b>\$511</b>

\* Includes divestiture related transition/closing costs, currency translation adjustment, purchase price adjustment and goodwill adjustment.

\*\* The gain is subject to change based on finalization of the amounts for working capital and other customary post closing adjustments.

# INTEREST AND SUNDRY (INCOME) EXPENSE

<i>(Approximate impact in millions)</i>	Q3		YTD		Comments
	2018	2019	2018	2019	
Net Foreign Exchange	\$17	\$(12)	\$(1)	\$(25)	• Includes foreign exchange (gain)/loss and hedge (gain)/loss
Interest Income/Other	\$7	\$(17)	\$4	\$(17)	• Primarily interest income
<b>Sub-Total</b>	<b>\$24</b>	<b>\$(29)</b>	<b>\$3</b>	<b>\$(42)</b>	
One-Time Items:					
Brazil Indirect Tax Credit*	\$ -	\$ -	\$ -	\$(180)	• Gain related to recovery of certain taxes (ICMS)
FCA Expense*	\$ -	\$ -	\$103	\$ -	• French Competition Authority (FCA) settlement
<b>Interest and Sundry (Income) Expense</b>	<b>\$24</b>	<b>\$(29)</b>	<b>\$106</b>	<b>\$(222)</b>	

\*Items are excluded from ongoing results

# FREE CASH FLOW<sup>(2)</sup> ONE-TIME ITEMS

<i>(Approximate impact in millions)</i>	2018	2019	Impact	Comments
FCA Payment	\$0	\$(100)	\$(100)	<ul style="list-style-type: none"> <li>French Competition Authority (FCA) settlement</li> <li>Final payment made in Q2 2019</li> </ul>
U.S. Pension Pre-Funding	\$(350)	\$0	\$350	<ul style="list-style-type: none"> <li>Opportunistic pension pre-funding in Q3 2018</li> </ul>
Payment Timing	\$100	\$0	\$(100)	<ul style="list-style-type: none"> <li>Primarily effective credit management</li> </ul>
Sale-Leaseback	\$150	\$0	\$(150)	<ul style="list-style-type: none"> <li>Real estate portfolio transaction executed in Q4 2018</li> </ul>
<b>One-Time Items</b>	<b>\$(100)M</b>	<b>\$(100)M</b>	<b>\$ -</b>	

# CAUTIONARY STATEMENT

This presentation contains forward-looking statements about Whirlpool Corporation and its consolidated subsidiaries ("Whirlpool") that speak only as of this date. Whirlpool disclaims any obligation to update these statements. Forward-looking statements in this presentation may include, but are not limited to, statements regarding expected earnings per share, cash flow, productivity and raw material prices. Many risks, contingencies and uncertainties could cause actual results to differ materially from Whirlpool's forward-looking statements. Among these factors are: (1) intense competition in the home appliance industry reflecting the impact of both new and established global competitors, including Asian and European manufacturers, and the impact of the changing retail environment; (2) Whirlpool's ability to maintain or increase sales to significant trade customers and the ability of these trade customers to maintain or increase market share; (3) Whirlpool's ability to maintain its reputation and brand image; (4) the ability of Whirlpool to achieve its business plans, productivity improvements, and cost control objectives, and to leverage its global operating platform, and accelerate the rate of innovation; (5) Whirlpool's ability to obtain and protect intellectual property rights; (6) acquisition and investment-related risks, including risks associated with our past acquisitions, and risks associated with our increased presence in emerging markets; (7) risks related to our international operations, including changes in foreign regulations, regulatory compliance and disruptions arising from political, legal and economic instability; (8) information technology system failures, data security breaches, network disruptions, and cybersecurity attacks; (9) product liability and product recall costs; (10) the ability of suppliers of critical parts, components and manufacturing equipment to deliver sufficient quantities to Whirlpool in a timely and cost-effective manner; (11) our ability to attract, develop and retain executives and other qualified employees; (12) the impact of labor relations; (13) fluctuations in the cost of key materials (including steel, resins, copper and aluminum) and components and the ability of Whirlpool to offset cost increases; (14) Whirlpool's ability to manage foreign currency fluctuations; (15) impacts from goodwill impairment and related charges; (16) triggering events or circumstances impacting the carrying value of our long-lived assets; (17) inventory and other asset risk; (18) the uncertain global economy and changes in economic conditions which affect demand for our products; (19) health care cost trends, regulatory changes and variations between results and estimates that could increase future funding obligations for pension and postretirement benefit plans; (20) litigation, tax, and legal compliance risk and costs, especially if materially different from the amount we expect to incur or have accrued for, and any disruptions caused by the same; (21) the effects and costs of governmental investigations or related actions by third parties; and (22) changes in the legal and regulatory environment including environmental, health and safety regulations, and taxes and tariffs.

Additional information concerning these and other factors can be found in Whirlpool's filings with the Securities and Exchange Commission, including the most recent annual report on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K.

# USE OF NON-GAAP FINANCIAL MEASURES

This presentation includes certain non-GAAP financial measures, which we refer to as “ongoing”<sup>(1)</sup> measures:

Ongoing earnings per diluted share, earnings before interest and taxes (EBIT), EBIT margin, ongoing EBIT, ongoing EBIT margin

Other non-GAAP financial measures included in this presentation are free cash flow<sup>(2)</sup>, free cash flow as percentage of sales, net sales (excluding currency) and net sales (excluding divestitures and currency), which we refer to as organic net sales.

Please refer to the **supplemental information pack** located in the events section of our Investor Relations website at [investors.whirlpoolcorp.com](http://investors.whirlpoolcorp.com) for a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures.

- (1) Ongoing measures are non-GAAP measures. See our website for reconciliation information.
- (2) Free cash flow is a non-GAAP measure. See our website for reconciliation information.
- (3) Segment EBIT (including ongoing segment EBIT) represents our consolidated EBIT broken down by the Company’s reportable segments. Consolidated EBIT also includes corporate “Other/Eliminations”. Q3 2018 segment EBIT and segment EBIT percent for North America and Latin America exclude trade customer insolvency-related charges of \$17 million and \$12 million, respectively
- (4) Organic net sales is a non-GAAP measure. See our website for reconciliation information.