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# **SUPPLEMENTAL INFORMATION**

**FOURTH-QUARTER 2019**

**JANUARY 27, 2020**

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## SUPPLEMENTAL INFORMATION - CONSOLIDATED FINANCIAL STATEMENTS

### RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

(Millions of dollars except per share data)

(Unaudited)

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

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

The reconciliation provided below reconciles the non-GAAP financial measures ongoing earnings before interest and taxes and ongoing earnings per diluted share, with the most directly comparable GAAP financial measures, net earnings available to Whirlpool and net earnings per diluted share available to Whirlpool, for the three months ended December 31, 2019. Net earnings margin is calculated by dividing net earnings available to Whirlpool by net sales. Ongoing EBIT margin is calculated by dividing ongoing EBIT by net sales. EBIT margin is calculated by dividing EBIT by net sales. The earnings per diluted share GAAP measure and ongoing measure are presented net of tax, while each adjustment is presented on a pre-tax basis. The aggregate income tax impact of the taxable components of each adjustment is presented in the income tax impact line item at our fourth-quarter adjusted tax rate (non-GAAP) of 9.6%.

		Three Months Ended December 31, 2019	
<b>Earnings Before Interest &amp; Taxes Reconciliation:</b>			
Net earnings (loss) available to Whirlpool		\$	288
Net earnings (loss) available to noncontrolling interests			—
Income tax expense (benefit)			43
Interest expense			39
Earnings before interest & taxes <sup>(6)</sup>		\$	370
Net sales		\$	5,382
Net earnings margin			5.4%

	Results classification	Earnings before interest & taxes <sup>(6)</sup>	Earnings per diluted share
Reported measure		\$ 370	\$ 4.52
Restructuring costs <sup>(a)</sup>	Restructuring costs	46	0.72
Sale leaseback, real estate and receivable adjustments <sup>(k)</sup>	Cost of products sold	(95)	(1.49)
Sale leaseback, real estate and receivable adjustments <sup>(k)</sup>	Selling, general and administrative	9	0.14
Trade customer insolvency claim settlement <sup>(j)</sup>	Interest and sundry (income) expense	59	0.93
Income tax impact		—	(0.02)
Normalized tax rate adjustment <sup>(b)</sup>		—	0.11
Ongoing measure		\$ 389	\$ 4.91
Net sales		\$ 5,382	
Ongoing EBIT margin			7.2%

Note: Numbers may not reconcile due to rounding

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

The reconciliation provided below reconciles the non-GAAP financial measures ongoing earnings before interest and taxes and ongoing earnings per diluted share, with the most directly comparable GAAP financial measures, net earnings (loss) available to Whirlpool and net earnings (loss) per diluted share available to Whirlpool, for the three months ended December 31, 2018. Net earnings margin is calculated by dividing net earnings available to Whirlpool by net sales. Ongoing EBIT margin is calculated by dividing ongoing EBIT by net sales. EBIT margin is calculated by dividing EBIT by net sales. The earnings per diluted share GAAP measure and ongoing measure are presented net of tax, while each adjustment is presented on a pre-tax basis. The aggregate income tax impact of the taxable components of each adjustment is presented in the income tax impact line item at our fourth-quarter adjusted tax rate of (3.7)%.

Earnings Before Interest & Taxes Reconciliation:		Three Months Ended December 31, 2018
Net earnings (loss) available to Whirlpool	\$	170
Net earnings (loss) available to noncontrolling interests		—
Income tax expense (benefit)		86
Interest expense		51
Earnings (loss) before interest & taxes <sup>(6)</sup>	\$	307
Net sales	\$	5,660
Net earnings margin		3.0%

	Results classification	Earnings before interest & taxes <sup>(6)</sup>	Earnings per diluted share
Reported measure		\$ 307	\$ 2.64
Restructuring costs <sup>(a)</sup>	Restructuring costs	31	0.48
France antitrust settlement <sup>(h)</sup>	Interest and sundry (income) expense	(12)	(0.18)
Trade customer insolvency <sup>(e)</sup>	Selling, general and administrative	1	0.01
Divestiture related transition costs <sup>(d)</sup>	Selling, general and administrative	21	0.33
Income tax impact		—	0.03
Normalized tax rate adjustment <sup>(b)</sup>		—	1.44
Ongoing measure		\$ 348	\$ 4.75
Net sales		\$ 5,660	
Ongoing EBIT margin			6.2%

Note: Numbers may not reconcile due to rounding

## Ongoing Segment Earnings Before Interest and Taxes

The reconciliation provided below reconciles ongoing segment EBIT with segment EBIT, for the three months ended December 31, 2019. Ongoing segment EBIT margin is calculated by dividing ongoing segment EBIT by segment net sales. Segment EBIT margin is calculated by dividing segment EBIT by segment net sales.

### Three Months Ended December 31, 2019

	Segment earnings (loss) before interest and taxes	Restructuring costs <sup>(a)</sup>	Sale leaseback, real estate and receivable adjustments <sup>(k)</sup>	Trade customer insolvency claim settlement <sup>(l)</sup>	Ongoing segment earnings (loss) before interest and taxes
North America	\$ 410	\$ —	\$ —	\$ —	\$ 410
EMEA	11	—	—	—	11
Latin America	42	—	—	—	42
Asia	2	—	—	—	2
Other/ Eliminations	(95)	46	(86)	59	(76)
Total Whirlpool Corporation	\$ 370	\$ 46	\$ (86)	\$ 59	\$ 389

The reconciliation provided below reconciles ongoing segment EBIT with segment EBIT, for the three months ended December 31, 2018. Ongoing segment EBIT margin is calculated by dividing ongoing segment EBIT by segment net sales. Segment EBIT margin is calculated by dividing segment EBIT by segment net sales.

### Three Months Ended December 31, 2018

	Segment earnings (loss) before interest and taxes	Restructuring expense <sup>(a)</sup>	France antitrust settlement <sup>(h)</sup>	Divestiture related transition costs <sup>(d)</sup>	Trade customer insolvency <sup>(e)</sup>	Ongoing segment earnings (loss) before interest and taxes
North America	\$ 376	\$ —	\$ —	\$ —	\$ (13)	\$ 362
EMEA	(15)	—	—	—	—	(15)
Latin America	45	—	—	—	14	59
Asia	8	—	—	—	—	8
Other/ Eliminations	(107)	31	(12)	21	—	(66)
Total Whirlpool Corporation	\$ 307	\$ 31	\$ (12)	\$ 21	\$ 1	\$ 348

Note: Numbers may not reconcile due to rounding

## Full-Year 2019 Ongoing Earnings Before Interest and Taxes, Ongoing Earnings per Diluted Share and GAAP Effective Tax Rate to Non-GAAP Adjusted Tax Rate

The reconciliation provided below reconciles the non-GAAP financial measures ongoing earnings before interest and taxes and ongoing earnings per diluted share, with the most directly comparable GAAP financial measures, net earnings available to Whirlpool and net earnings per diluted share available to Whirlpool, for the twelve months ended December 31, 2019. Ongoing EBIT margin is calculated by dividing ongoing EBIT by net sales. EBIT margin is calculated by dividing EBIT by net sales. The earnings per diluted share GAAP measure and ongoing measure are presented net of tax, while each adjustment is presented on a pre-tax basis. Our full-year GAAP tax rate of approximately 22.8% includes the impact of the gain on sale of Embraco. The aggregate income tax impact of the taxable components of each adjustment is presented in the income tax impact line item at our full-year adjusted tax rate of approximately 15.3%.

Earnings Before Interest & Taxes Reconciliation:	Twelve Months Ended December 31, 2019	
Net earnings (loss) available to Whirlpool	\$	1,184
Net earnings (loss) available to noncontrolling interests		14
Income tax expense (benefit)		354
Interest expense		187
Earnings before interest & taxes <sup>(6)</sup>	\$	1,739
Net sales	\$	20,419
Net earnings margin		5.8%

**Twelve Months Ending  
December 31, 2019**

	Results classification	Earnings before interest & taxes <sup>(6)</sup>	Earnings per diluted share
Reported measure*		\$ 1,739	\$ 18.45
Restructuring costs <sup>(a)</sup>	Restructuring costs	188	2.93
Brazil indirect tax credit <sup>(c)</sup>	Interest and sundry (income) expense	(180)	(2.80)
(Gain) loss on sale and disposal of businesses <sup>(f)</sup>	(Gain) loss on sale and disposal of businesses	(437)	(6.79)
Product warranty and liability expense <sup>(g)</sup>	Cost of products sold	126	1.96
Product warranty and liability expense <sup>(g)</sup>	Interest and sundry (income) expense	5	0.08
Sale leaseback, real estate and receivable adjustments <sup>(k)</sup>	Cost of products sold	(95)	(1.48)
Sale leaseback, real estate and receivable adjustments <sup>(k)</sup>	Selling, general and administrative	9	0.14
Trade customer insolvency claim settlement <sup>(j)</sup>	Interest and sundry (income) expense	59	0.92
Income tax impact		—	0.75
Normalized tax rate adjustment <sup>(b)</sup>		—	1.84
Ongoing measure		\$ 1,414	\$ 16.00
Net sales		\$ 20,419	
Ongoing EBIT margin		6.9%	

	Twelve Months Ended December 31, 2019
GAAP effective tax rate	22.8 %
Tax effect of non-GAAP adjustments to net earnings	(7.5)%
Non-GAAP adjusted tax rate	15.3 %

Note: Numbers may not reconcile due to rounding

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

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

Earnings Before Interest & Taxes Reconciliation:		Twelve Months Ended December 31, 2018	
Net earnings (loss) available to Whirlpool	\$	(183)	
Net earnings (loss) available to noncontrolling interests		24	
Income tax expense (benefit)		138	
Interest expense		192	
Earnings before interest & taxes <sup>(6)</sup>	\$	171	
Net sales	\$	21,037	
Net earnings margin		(0.9)%	

	Results classification	Earnings before interest & taxes <sup>(6)</sup>	Earnings (loss) per diluted share
Reported measure		\$ 171	\$ (2.72)
Restructuring costs <sup>(a)</sup>	Restructuring costs	247	3.68
France antitrust settlement <sup>(h)</sup>	Interest and sundry (income) expense	103	1.53
Impairment of goodwill and intangibles <sup>(i)</sup>	Impairment of goodwill and other intangibles	747	11.11
Trade customer insolvency <sup>(e)</sup>	Selling, general and administrative	30	0.45
Divestiture related transition costs <sup>(d)</sup>	Selling, general and administrative	21	0.32
Income tax impact		—	(0.29)
Normalized tax rate adjustment <sup>(b)</sup>		—	1.25
Share adjustment*		—	(0.17)
Ongoing measure		\$ 1,319	\$ 15.16
Net sales		\$ 21,037	
Ongoing EBIT margin		6.3%	

Note: Numbers may not reconcile due to rounding

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

## Full-Year 2020 Outlook for Ongoing Earnings Before Interest and Taxes and Ongoing Earnings per Diluted Share

The reconciliation provided below reconciles the non-GAAP financial measures ongoing earnings before interest and taxes and ongoing earnings per diluted share, with the most directly comparable GAAP financial measures, net earnings available to Whirlpool and net earnings per diluted share available to Whirlpool, for the twelve months ending December 31, 2020. Ongoing EBIT margin is calculated by dividing ongoing EBIT by net sales. EBIT margin is calculated by dividing EBIT by net sales. The earnings per diluted share GAAP measure and ongoing measure are presented net of tax, while each adjustment is presented on a pre-tax basis. The aggregate income tax impact of the taxable components of each adjustment is presented in the income tax impact line item at our anticipated full-year tax rate between 20% and 25%.

		<b>Twelve Months Ending December 31, 2020</b>	
	Results classification	Earnings before interest & taxes <sup>(6)</sup>	Earnings per diluted share
Reported measure*		\$1,455	\$14.80 - \$15.80
Restructuring costs <sup>(a)</sup>	Restructuring costs	100	1.56
Income tax impact		—	(0.36)
Ongoing measure		\$1,555	\$16.00 - \$17.00

Note: Numbers may not reconcile due to rounding

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

## Organic Net Sales

The reconciliation provided below reconciles the non-GAAP financial measure organic net sales with reported net sales, for the three months ended December 31, 2019 and December 31, 2018 for the Company.

	Three Months Ended		Change
	2019	2018	
Net sales	\$ 5,382	\$ 5,660	(4.9)%
Less: Embraco net sales	-	(288)	
Add-Back: currency	53	-	
Organic net sales	<u>\$ 5,435</u>	<u>\$ 5,372</u>	1.2 %

The reconciliation provided below reconciles the non-GAAP financial measure organic net sales with reported net sales, for the twelve months ended December 31, 2019 and December 31, 2018 for the Company.

	Twelve Months Ended		Change
	2019	2018	
Net sales	\$ 20,419	\$ 21,037	(2.9)%
Less: Embraco net sales	(635)	(1,135)	
Add-Back: currency	430	-	
Organic net sales	<u>\$ 20,214</u>	<u>\$ 19,902</u>	1.6 %

The reconciliation provided below reconciles the non-GAAP financial measure organic net sales with reported net sales, for the three months ended December 31, 2019 and December 31, 2018 for Whirlpool Latin America.

	Three Months Ended		Change
	2019	2018	
Net sales	\$ 782	\$ 990	(21.0)%
Less: Embraco net sales	-	(288)	
Add-Back: currency	37	-	
Organic net sales	<u>\$ 819</u>	<u>\$ 702</u>	16.7 %

Note: Numbers may not reconcile due to rounding

*Footnotes:*

- a. **RESTRUCTURING COSTS** - In 2014, the Company completed the acquisition of Indesit S.p.A., which, due to its size, materially changed our European footprint. In 2018, these costs are primarily related to Indesit restructuring, an Embraco plant closure in Italy, and certain other unique restructuring events. In 2019, these costs are primarily related to actions that right-size our EMEA business and certain other unique restructuring events, including restructuring of the Naples, Italy manufacturing plant.
- b. **NORMALIZED TAX RATE ADJUSTMENT** - Our 2019 normalized tax rate excludes the tax impact of the gain on sale of the Embraco business, a valuation allowance release and the Brazil indirect tax credit. The Company's 2018 normalized tax rate excludes the tax impact of impairment of goodwill and intangibles of \$747 million, the France antitrust settlement charge of \$103 million and the impact of U.S. tax reform of \$95 million.
- c. **BRAZIL INDIRECT TAX CREDIT** - During the first half of 2019, the Company received favorable, non-appealable decisions related to the recovery of certain taxes previously paid over gross sales. As a result, the Company recorded a gain in interest and sundry (income) expense during the first and second quarter of 2019 in the amount of \$127 million and \$53 million, respectively, in connection with these decisions.
- d. **DIVESTITURE RELATED TRANSITION COSTS** - In the fourth quarter of 2018, the Company recognized transition costs of approximately \$21 million associated with the sale of its Embraco compressor business. During the first and second quarter of 2019, the Company recognized additional transition costs of \$6 million and \$11 million, respectively. In the third quarter of 2019, the Company reclassified approximately \$17 million of first half 2019 divestiture related transition costs into "(Gain) loss on sale and disposal of businesses" to fully reflect the net impact from the gain on the sale of the Embraco compressor business.
- e. **TRADE CUSTOMER INSOLVENCY** - During the third quarter of 2018, the Company recognized bad debt expense related to trade customer insolvency of a U.S. retailer and a Brazilian retailer, in the amounts of approximately \$17 million and \$12 million, respectively. During the fourth quarter of 2018, the Company recognized an additional bad debt expense related to the Brazilian retailer in the amount of approximately \$14 million, and reduced bad debt expense related to the U.S. retailer in the amount of approximately \$13 million.
- f. **(GAIN) LOSS ON SALE AND DISPOSAL OF BUSINESSES** - During the second quarter of 2019, the Company entered into an agreement to sell its South Africa operations. As a result, the Company recorded a charge of \$35 million for the write-down of the assets of the disposal group to fair value and \$33 million of cumulative foreign currency translation adjustments included in the carrying amount of the disposal group to calculate the impairment. The Company also incurred charges of approximately \$11 million, primarily inventory liquidation costs, related to the exit of our domestic sales operations in Turkey. Total charges recorded in the second quarter of 2019 were approximately \$79 million. During the third quarter of 2019, changes in working capital accounts and currency translation adjustments resulted in the Company reducing the amount of loss by approximately \$5 million.

On July 1, 2019 the Company closed the sale of the Embraco compressor business. As a result, the Company recorded a gain, before taxes, of approximately \$511 million. Included in this amount are closing costs related to the sale and previously disclosed divestiture related transition costs. To report the full gain amount as net of these costs, the Company reclassified previously disclosed divestiture related transition costs from their original accounts into the account for the gain. Approximately \$14 million of previously disclosed charges were reclassified out of "Selling, general and administrative" into "(Gain) loss on sale and disposal of businesses." Approximately \$3 million of previously disclosed charges were reclassified out of "Interest and sundry (income) expense" into "(Gain) loss on sale and disposal of businesses." During the third quarter of 2019, the Company incurred approximately \$17 million of additional divestiture related transition costs, resulting in a year-to-date total of approximately \$34 million, which are fully reflected in the gain, before taxes, of approximately \$511 million.

- g. **PRODUCT WARRANTY AND LIABILITY EXPENSE** - In September 2015, the Company recorded a liability related to a corrective action affecting certain legacy Indesit products. During the second and third quarters of 2019, the Company incurred additional product warranty expense related to our previously disclosed legacy Indesit dryer corrective action campaign in the UK for approximately \$12 million and \$14 million, respectively. In the third quarter of 2019, the Company recorded a charge of approximately \$105 million for estimated product warranty expense related to certain EMEA-produced washers for which the Company commenced a recall in January 2020.
- h. **FRANCE ANTITRUST SETTLEMENT** - In 2013, the French Competition Authority ("FCA") commenced an investigation of appliance manufacturers and retailers, including Whirlpool and Indesit operations in France. With respect to the first part of the investigation, the Company agreed to a preliminary settlement with the FCA staff in the second quarter of 2018 and accrued \$114 million. In the fourth quarter of 2018, the final settlement was approved by the FCA's college of commissioners in the amount of approximately \$122 million, with approximately \$19 million of the total settlement to be paid by the previous owner of Indesit to the Company. The Company paid \$52 million in the first quarter of 2019 and the remainder in the second quarter of 2019.
- i. **IMPAIRMENT OF GOODWILL AND INTANGIBLES** - During the second quarter of 2018, the Company performed a quantitative assessment of the EMEA region's goodwill and intangible assets for impairment. Based on a third-party valuation, the Company concluded that fair value of equity did not exceed its carrying value and therefore goodwill and intangible assets were impaired. The impact of this impairment was \$168 million to intangible assets and \$579 million to goodwill in the second quarter of 2018.
- j. **TRADE CUSTOMER INSOLVENCY CLAIM SETTLEMENT** - In 2017, Alno AG and certain affiliated companies filed for insolvency protection in Germany. Bauknecht Hausgeräte GmbH, a subsidiary of the Company, was a long-standing supplier to Alno and certain of its affiliated companies. The Company was also a former indirect minority shareholder of Alno. In August 2018, the insolvency trustee asserted €174.5 million in clawback and related claims against Bauknecht. In January 2020, we entered into an agreement with the insolvency trustee to settle all potential claims that the insolvency trustee may have related to this matter, resulting in a one-time charge of €52.75 million (\$59 million as of December 31, 2019).

- k. **SALE LEASEBACK, REAL ESTATE AND RECEIVABLE ADJUSTMENTS** - In the fourth quarter of 2019, the Company sold certain owned properties, primarily warehouses, while agreeing to lease these same properties from the purchaser. As part of the sale, the Company recognized a pre-tax gain on sale of the group of properties of approximately \$111M and a cash benefit of approximately \$140M. In addition, the Company wrote-off the full loan receivable amount outstanding of approximately \$18M related to a previous loan between the Company and a not-for-profit entity in connection with a community and economic development project. The Company also wrote-down the book value of certain real estate properties, recognizing a loss of approximately \$7M.

## Free Cash Flow

As defined by the Company, free cash flow is cash provided by (used in) operating activities after capital expenditures, proceeds from the sale of assets and businesses and changes in restricted cash. The reconciliation provided below reconciles twelve months ended December 31, 2019 and 2018 and projected 2020 full-year free cash flow with cash provided by (used in) operating activities, the most directly comparable GAAP financial measure. Free cash flow as a percentage of net sales is calculated by dividing free cash flow by net sales.

<i>(millions of dollars)</i>	Twelve Months Ended December 31		
	2019	2018	2020 Outlook
Cash provided by (used in) operating activities	\$1,230	\$1,229	\$1,350 - \$1,450
Capital expenditures, proceeds from sale of assets/ businesses and change in restricted cash*	682	(376)	(550)
Repayment of term loan	(1,000)	—	—
Free cash flow	\$912	\$853	\$800 - \$900
Cash provided by (used in) investing activities**	\$636	\$(399)	
Cash provided by (used in) financing activities**	\$(1,424)	\$(518)	

Note: 2019 free cash flow includes the net proceeds and the term loan repayment related to the sale of the Embraco business of approximately \$1 billion.

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

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

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