

# Second-Quarter 2020 Earnings Review

Thursday, July 23, 2020



**Whirlpool**  
CORPORATION

# CAUTIONARY STATEMENT

This document 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 document may include, but are not limited to, statements regarding expected net sales and organic net sales, earnings, regional profitability, restructuring charges, cash flow, order pipeline, and raw material prices, and the impact of the COVID-19 pandemic on our operations and financial condition, our ability to weather COVID-19 related economic uncertainty, sustain margins and protect liquidity, achieve net cost and raw material savings, manage working capital, capture raw material deflation opportunities, mitigate volume deleveraging, maintain credit ratings, the adequacy of our liquidity resources and financial covenant buffers during the crisis, and our recovery timing expectations, belief that Q2 2020 represents the trough of the crisis, rebound actions and growth opportunities and ability to win in the economic recovery following the crisis. Many risks, contingencies and uncertainties could cause actual results to differ materially from Whirlpool's forward-looking statements. Among these factors are: (1) COVID-19 pandemic-related business disruption and economic uncertainty; (2) 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, including direct-to-consumer sales; (3) 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; (4) Whirlpool's ability to maintain its reputation and brand image; (5) 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; (6) Whirlpool's ability to obtain and protect intellectual property rights; (7) acquisition and investment-related risks, including risks associated with our past acquisitions, and risks associated with our increased presence in emerging markets; (8) risks related to our international operations, including changes in foreign regulations, regulatory compliance and disruptions arising from political, legal and economic instability; (9) information technology system failures, data security breaches, data privacy compliance, network disruptions, and cybersecurity attacks; (10) product liability and product recall costs; (11) the ability of suppliers of critical parts, components and manufacturing equipment to deliver sufficient quantities to Whirlpool in a timely and cost-effective manner; (12) our ability to attract, develop and retain executives and other qualified employees; (13) the impact of labor relations; (14) fluctuations in the cost of key materials (including steel, resins, copper and aluminum) and components and the ability of Whirlpool to offset cost increases; (15) Whirlpool's ability to manage foreign currency fluctuations; (16) impacts from goodwill impairment and related charges; (17) triggering events or circumstances impacting the carrying value of our long-lived assets; (18) inventory and other asset risk; (19) the uncertain global economy and changes in economic conditions which affect demand for our products; (20) health care cost trends, regulatory changes and variations between results and estimates that could increase future funding obligations for pension and postretirement benefit plans; (21) changes in LIBOR, or replacement of LIBOR with an alternative reference rate; (22) 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; (23) the effects and costs of governmental investigations or related actions by third parties; and (24) 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.



# GLOBAL OVERVIEW



Marc Bitzer

Chairman and  
Chief Executive Officer



# SECOND-QUARTER RESULTS HIGHLIGHTS

## Profitable Growth

Net Sales	YoY Change
<b>\$4.0B</b>	<b>(22.1)%</b> <i>(13.8)% organic<sup>(4)</sup></i>

## Margin Expansion

Ongoing EBIT Margin <sup>(1)</sup>	YoY Change
<b>5.2%</b>	<b>(1.8)pts</b>

## Cash Conversion

Free Cash Flow <sup>(2)</sup>	YoY Change
<b>\$(873)M</b>	<b>\$124M</b>

- Very resilient overall performance despite significant COVID-19 impact
- Delivered solid ongoing EPS<sup>(1)</sup> of \$2.15 and ongoing EBIT margin<sup>(1)</sup> of 5.2%, despite organic net sales<sup>(4)</sup> decline of 13.8%
- Very strong North America performance with EBIT margins of 12.6% (+20 bps), highlighting the region's strength and agility
- Decisive and substantial global cost take out actions mitigated COVID-19 related impact on EBIT margin
- Year-over-year free cash flow<sup>(2)</sup> improvement driven by disciplined working capital management

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

# Q2 2020 ONGOING EBIT MARGIN<sup>(1)</sup> DRIVERS

<i>(Approximate impact)</i>	Q2
<b>2019 Ongoing EBIT Margin</b>	<b>7.0%</b>
Price / Mix	-0.75
Net Cost (excluding Raw Material/Tariff Inflation)*	-1.50
Raw Material/Tariff Inflation	+1.00
Marketing & Technology Investments	+0.25
Currency	-0.75
<b>2020 Ongoing EBIT Margin</b>	<b>5.2%</b>

\*Inclusive of Fixed Cost Takeout, Ongoing Cost Productivity (including conversion and freight & warehousing), Volume Deleveraging and Restructuring Benefits. Refer to Slide 25 for additional details.

# REGIONAL OVERVIEW



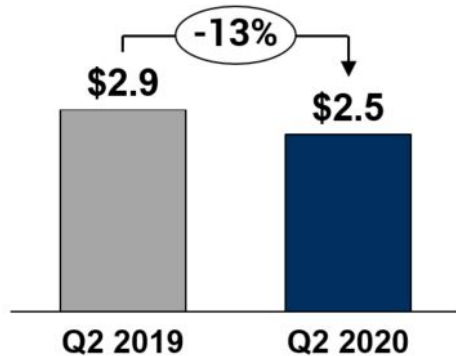
Jim Peters

Executive Vice President  
and Chief Financial Officer

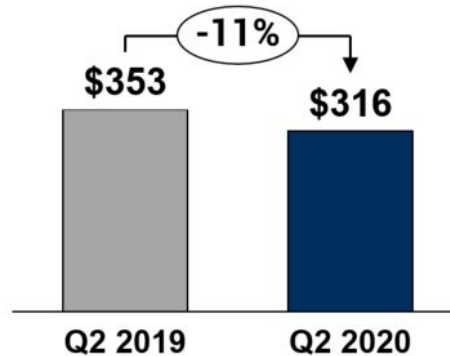


# NORTH AMERICA SECOND-QUARTER RESULTS

### Net Sales (\$B)



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



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



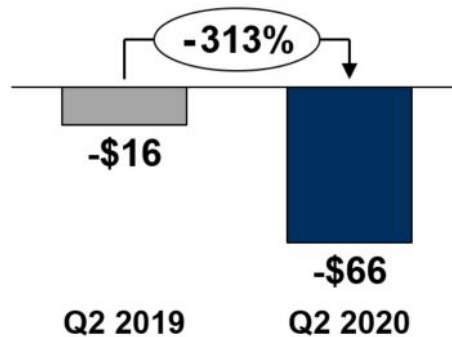
- COVID-19-related sales impact less than other regions, with early signs of recovery in June
- Improved EBIT margin despite COVID-19 impact, due to cost takeout and reduced marketing investments
- Supply constraints due to reduced production yield in U.S. factories and component shortages out of Mexico

# EMEA SECOND-QUARTER RESULTS

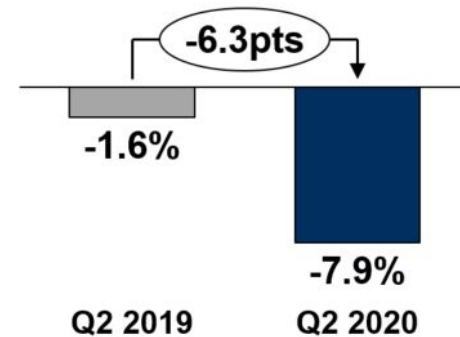
### Net Sales (\$B)



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



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

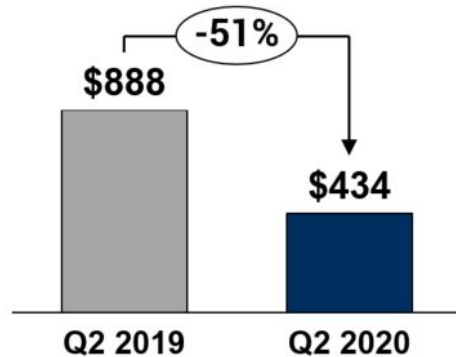


- Negative Q2 results entirely driven by April/May shutdown
- June sales growth and positive EBIT, driven by demand recovery and share gains
- Strong order pipeline extending into Q3

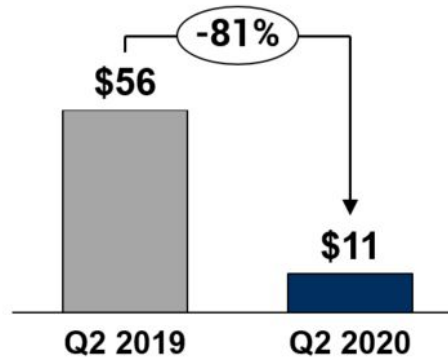


# LATIN AMERICA SECOND-QUARTER RESULTS

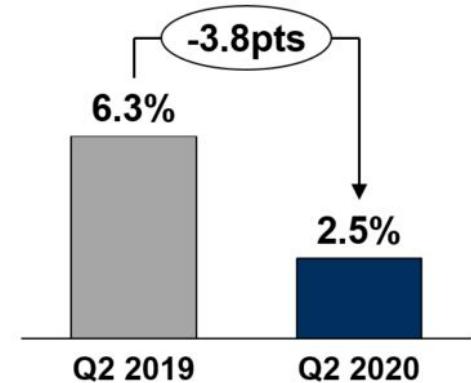
### Net Sales (\$M)



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



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

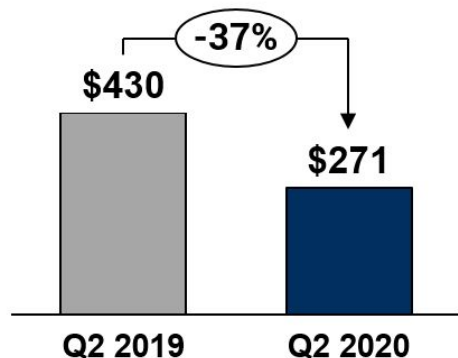


- Q2 revenue decline due to Embraco divestiture, currency devaluation and COVID-19 disruptions
- Organic net sales decline of ~4% as share gains and increased D2C sales partially offset demand decline
- Positive EBIT margin as cost takeout offset COVID-19 impact and currency devaluation

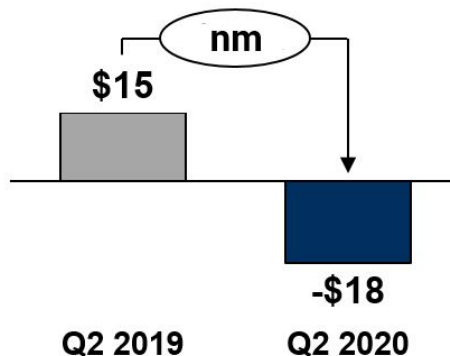
Note: Embraco compressor business sale complete as of July 1, 2019; Q2 2020 excludes Embraco operations while 2019 results include Embraco operations. Refer to slide 23 for details.

# ASIA SECOND-QUARTER RESULTS

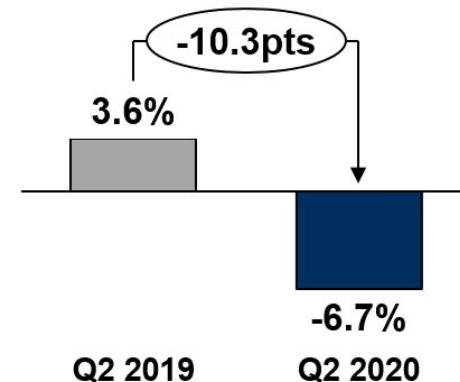
### Net Sales (\$M)



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



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



- Q2 revenue significantly impacted by India lockdown in April/May
- EBIT declined as strong cost takeout was offset by significant demand weakness across the region
- Whirlpool branded share growth in China

# 2020 PERSPECTIVE



Marc Bitzer

Chairman and  
Chief Executive Officer












Jim Peters

Executive Vice President  
and Chief Financial Officer

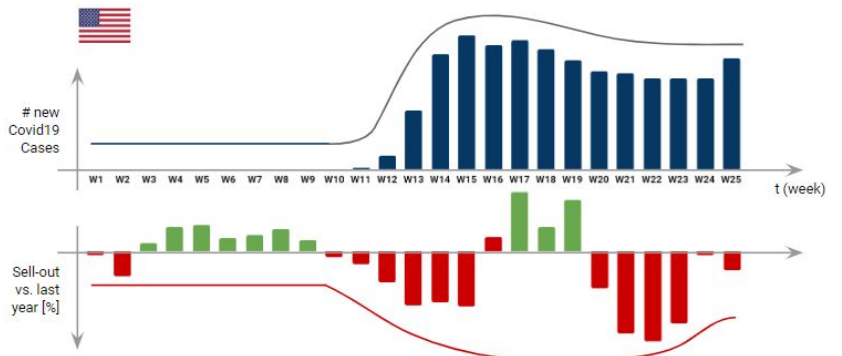
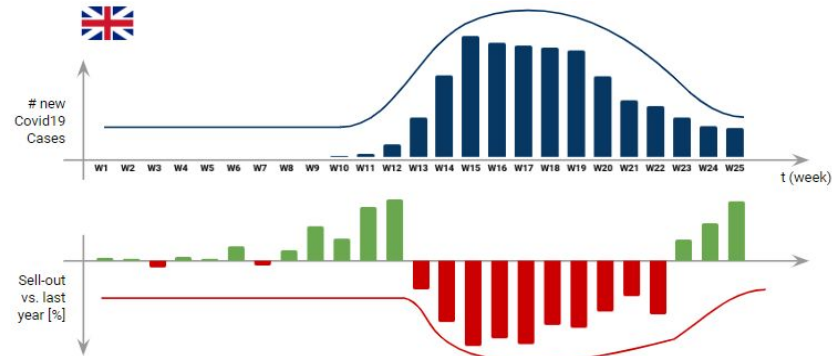
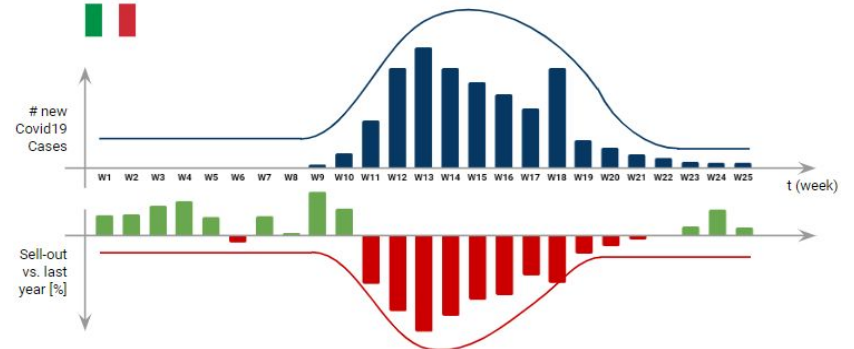
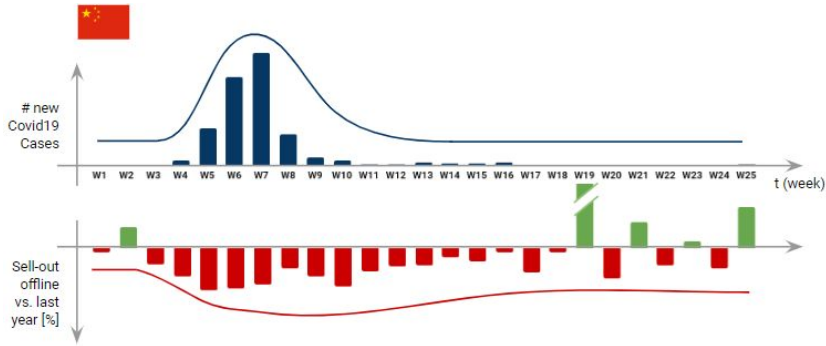


# UPDATE ON KEY QUESTIONS FOR 2020

Topic	Current Perspective	Status
 <b>Shape of the Recovery</b>	<ul style="list-style-type: none"><li>• Continue to expect U-type recovery throughout 2020, but uncertainty remains</li><li>• Expect organic net sales<sup>(4)</sup> decline of 7-12% (prev. 10-15%)</li></ul>	 
 <b>Sustaining Operating Margins</b>	<ul style="list-style-type: none"><li>• Confident in our ability to sustain solid operating margins</li><li>• On track to deliver cost savings of &gt;\$500M in 2020</li></ul>	 
 <b>Protecting Liquidity</b>	<ul style="list-style-type: none"><li>• Q2 demonstrates strong working capital management</li><li>• Continue to maintain strong liquidity position</li></ul>	 



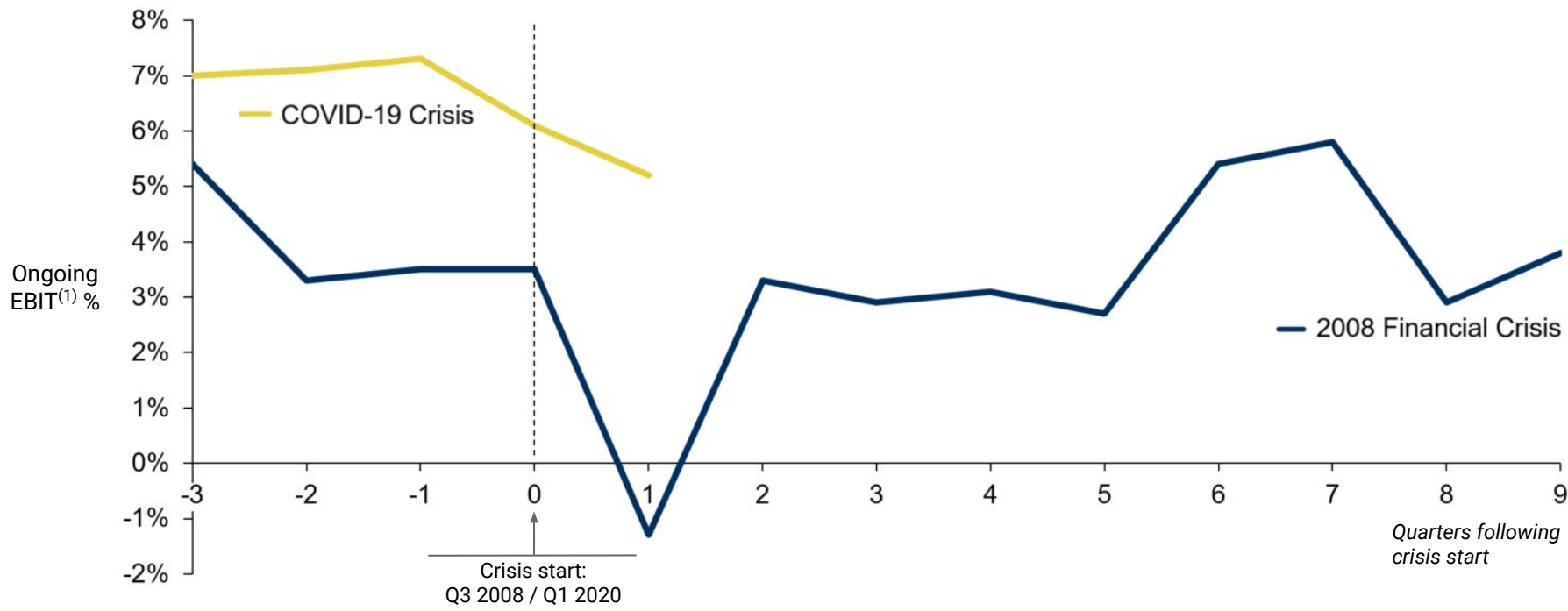
# REGIONAL TRENDS CONTINUE TO POINT TO A U-SHAPED DEMAND PATTERN







# CONFIDENT IN OUR ABILITY TO SUSTAIN SOLID OPERATIONAL MARGINS



Note: 2008 - 2010 margin data represents Operating Profit + Interest and Sundry Income (Expense)



## ON TRACK TO DELIVER >\$500M IN NET COST TAKEOUT

- Capturing raw material deflation opportunities
- Significantly reduced structural and discretionary costs (actions 80% implemented)
- Continue to effectively and efficiently manage working capital
- Cost actions expected to result in 2020 restructuring charges of \$260 - \$280M (prev. \$100M)



# AMPLE LIQUIDITY TO COPE WITH ANY SCENARIO

## Liquidity

- \$2.5B cash as of 6/30/20
- \$2.5B available under committed credit facilities

## Financial Covenants

- Ample buffers to withstand multiple scenarios
  - 0.65 Debt/Capitalization maximum limit; ~0.5 as of 6/30/20
  - 3x Interest Coverage minimum limit; >10x as of 6/30/20

## Bond Maturity

- Next bond maturity of \$0.3B not due until Q2 2021

## Credit

- Maintain investment grade rating

- Very resilient Q2 performance despite significant COVID-19 impact
- Took decisive actions to mitigate volume loss and sustain operating margins
- Strong financial position with ample liquidity to weather this crisis
- Well-positioned to win in the economic recovery
- Confident in our ability to deliver long-term shareholder value

# Q&A AND CLOSING REMARKS





**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 top left. Below "Whirlpool", the word "CORPORATION" is written in a smaller, bold, black, sans-serif font.

# APPENDIX



# Q2 ORGANIC NET SALES<sup>(4)</sup> RECONCILIATION

<i>(Approximate impact in millions)</i>	Q2 2019	Q2 2020	Change	Comments
<b>Net Sales</b>	<b>\$5,186</b>	<b>\$4,042</b>	<b>(22.1)%</b>	
Less: Embraco Net Sales	\$(323)	\$0		• Embraco sale completed July 1, 2019
Add-Back: Currency	n/a	\$149		• Primarily BRL
<b>Organic Net Sales</b>	<b>\$4,863</b>	<b>\$4,191</b>	<b>(13.8)%</b>	

# Q2 ORGANIC NET SALES<sup>(4)</sup> RECONCILIATION

## LATIN AMERICA REGION

<i>(Approximate impact in millions)</i>	Q2 2019	Q2 2020	Change	Comments
<b>Net Sales</b>	<b>\$888</b>	<b>\$434</b>	<b>(51.1)%</b>	
Less: Embraco Net Sales	\$(323)	\$0		• Embraco sale completed July 1, 2019
Add-Back: Currency	n/a	\$108		• Primarily BRL
<b>Organic Net Sales</b>	<b>\$565</b>	<b>\$542</b>	<b>(4.1)%</b>	

# EMBRACO COMPRESSOR BUSINESS HISTORICAL FINANCIALS / GAIN CALCULATION

As disclosed in respective reports in Forms 10-Q and 10-K:

(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

(In USD millions)	Q3 2019
Proceeds	\$1,011
Net Book Value	(\$448)
<u>Other Costs*</u>	<u>(\$52)</u>
<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.

Additional information concerning the transaction and gain can be found in Whirlpool's filings with the Securities and Exchange Commission, including the company's Form 10-K for the year ended December 31, 2019.



# INTEREST AND SUNDRY (INCOME) EXPENSE

<i>(Approximate impact in millions)</i>	Q2		Comments
	2019	2020	
Net Foreign Exchange	\$(10)	\$(7)	• Includes foreign exchange and hedge (gain)/loss
Interest (Income)/Other	\$-	\$(8)	• Primarily interest income
<b>Sub-Total</b>	<b>\$(10)</b>	<b>\$(15)</b>	
One-Time Items:			
Brazil Indirect Tax Credit*	\$(53)	\$ -	• Gain related to recovery of certain taxes (ICMS)
<b>Interest and Sundry (Income) Expense</b>	<b>\$(63)</b>	<b>\$(15)</b>	

\*Item is excluded from ongoing results

# Q2 2020 ONGOING EBIT MARGIN<sup>(1)</sup> DRIVERS

<i>(Approximate impact)</i>	Q2
<b>2019 Ongoing EBIT Margin</b>	<b>7.0%</b>
Price / Mix	-0.75
Net Cost (excluding Raw Material/Tariff Inflation)*	-1.50
Raw Material/Tariff Inflation	+1.00
Marketing & Technology Investments	+0.25
Currency	-0.75
<b>2020 Ongoing EBIT Margin</b>	<b>5.2%</b>

+1.50	Structural and Discretionary Cost Takeout
-3.00	COVID-19 Related Production Impact
-1.50	Total Net Cost

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

# BREAKDOWN OF \$500M COST TAKEOUT PROGRAM

<i>(Approximate impact in millions)</i>	<b>Total</b>
Raw Material Deflation	<b>\$150</b>
Non-Structural Actions	<b>\$100</b>
Structural Actions	<b>\$250</b>
<b>Total Cost Takeout</b>	<b>\$500</b>

- The \$500M cost takeout program includes \$150M related to raw material deflation
- Of the remaining \$350M, ~30% is non-structural in nature, related to furloughs, travel, etc.

# COVID-19 RESPONSE PLAN SUMMARY



## Sustain Operating Margin

- **Stronger Margin Profile Leading Into Crisis**
  - Took strong actions in prior cycles including restructuring, plant optimization and the exit of unprofitable product segments
- **On Track to Deliver >\$500M in Net Cost Takeout and RMI Savings in 2020**
  - Capture raw material deflation opportunity
  - Aggressively reduce structural and discretionary costs
  - Continue to effectively and efficiently manage working capital
  - Adjusted supply chain and labor level to match demand environment



## Protect Liquidity

- **Ample Liquidity to Cope With Any Scenario**
  - **Strong Liquidity Position:**
    - \$2.5B cash on balance sheet as of 6/30/2020
    - \$2.5B available under committed credit facilities as of 6/30/2020
  - **Credit:** Maintain investment grade
  - **Bond Maturity:** Next bond maturity of \$0.3B not due until Q2 2021
  - **Financial Covenants:** Ample buffers to withstand multiple scenarios
    - 0.65 Debt/Capitalization maximum limit; ~0.5 as of 6/30
    - 3x Interest Coverage minimum limit; >10x as of 6/30
  - **Levers to Unlock Cash:**
    - Focused working capital management



## Win the Recovery

- **Rebound Actions**
  - Operations positioned for swift ramp up
  - Leverage leadership position across the globe to capture pent-up demand
  - Agile inventory planning to capitalize on demand recovery
  - Continued cadence of consumer relevant innovation
- **Long-Term Growth Opportunities**
  - Uniquely structured to capture post-crisis demand changes
  - Positioned to win as consumers invest in the home and kitchen
  - Leverage eCommerce and D2C capabilities to gain and embed consumer insights
  - Continued commitment to ESG priorities

# EARNINGS BEFORE INTEREST AND TAXES RECONCILIATION



Earnings before interest & taxes reconciliation:	12/31/2007	3/31/2008	6/30/2008	9/30/2008	12/31/2008	3/31/2009	6/30/2009	9/30/2009	12/31/2009	3/31/2010	6/30/2010	9/30/2010	12/31/2010
Operating profit	\$332	\$159	\$203	\$177	\$10	\$166	\$134	\$189	\$199	\$241	\$331	\$234	\$202
Interest and sundry income (expense)	(43)	(7)	(24)	(3)	(66)	(47)	(12)	(51)	(65)	(12)	(69)	(104)	(12)
Earnings before interest and taxes (EBIT)	\$289	\$152	\$179	\$174	-\$56	\$119	\$122	\$138	\$134	\$229	\$262	\$130	\$190
Net sales	\$5,324	\$4,614	\$5,076	\$4,902	\$4,315	\$3,569	\$4,169	\$4,497	\$4,864	\$4,272	\$4,534	\$4,519	\$5,041
EBIT margin	5.4%	3.3%	3.5%	3.5%	-1.3%	3.3%	2.9%	3.1%	2.8%	5.4%	5.8%	2.9%	3.8%

## Three Months Ended

Earnings before interest & taxes reconciliation:	12/31/2007	3/31/2008	6/30/2008	9/30/2008	12/31/2008	3/31/2009	6/30/2009	9/30/2009	12/31/2009	3/31/2010	6/30/2010	9/30/2010	12/31/2010
Net earnings (loss) available to Whirlpool	\$187	\$94	\$117	\$163	\$44	\$68	\$78	\$87	\$95	\$164	\$205	\$79	\$171
Net earnings (loss) available to noncontrolling interests	3	6	11	5	7	5	8	6	7	10	10	4	7
(Equity) Losses in earnings of affiliated companies	8	-	-	-	-	-	-	-	1	-	-	-	-
Income tax expense (benefit)	39	3	2	(46)	(160)	(16)	(22)	(13)	(10)	(3)	(8)	(7)	(46)
Interest expense	52	49	49	52	53	62	58	58	41	58	55	54	58
Earnings before interest & taxes (EBIT)	\$289	\$152	\$179	\$174	-\$56	\$119	\$122	\$138	\$134	\$229	\$262	\$130	\$190
Net sales	\$5,324	\$4,614	\$5,076	\$4,902	\$4,315	\$3,569	\$4,169	\$4,497	\$4,864	\$4,272	\$4,534	\$4,519	\$5,041
Net earnings margin	3.5%	2.0%	2.3%	3.3%	1.0%	1.9%	1.9%	1.9%	2.0%	3.8%	4.5%	1.7%	3.4%

Note: a reconciliation of ongoing earnings before interest and taxes (EBIT) to net earnings (loss) available to Whirlpool for Q1 2019 - Q2 2020 can be found in the supplemental information pack on the investor relations website.

# 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, and 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), adjusted effective tax rate 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 and Ongoing Segment EBIT represents our consolidated EBIT broken down by the Company's reportable segments and are metrics used by the chief operating decision maker in accordance with ASC 280. Consolidated EBIT also includes corporate "Other/Eliminations" of \$(151) million and \$(154) million for the second quarters of 2020 and 2019, respectively. Ongoing segment EBIT includes certain adjustments to segment EBIT, and a reconciliation and other important information, appears in the supplemental information pack located in the events section of our Investor Relations website. EMEA Q2 2019 EBIT and EBIT margin reflects ongoing results, which excludes \$12 million in legacy product warranty expense.

(4) Organic net sales is a non-GAAP measure. See our website for reconciliation information.