



SUPPLEMENTAL INFORMATION

SECOND-QUARTER 2020

JULY 22, 2020

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 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 the Embraco divestiture. Management believes that adjusted tax rate provides investors with a meaningful, consistent comparison of the Company's effective tax rate, excluding the pre-tax income and tax effect of certain unique items. 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. 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.

Second-Quarter 2020 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 June 30, 2020. 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 second-quarter GAAP tax rate was 41.9%. The aggregate income tax impact of the taxable components of each adjustment is presented in the income tax impact line item at our second-quarter adjusted tax rate (non-GAAP) of 22.5%.

	Three Months Ended	
Earnings Before Interest & Taxes Reconciliation:	June 30, 2020	
Net earnings (loss) available to Whirlpool	\$	35
Net earnings (loss) available to noncontrolling interests		(10)
Income tax expense (benefit)		18
Interest expense		49
Earnings before interest & taxes	\$	92
Net sales	\$	4,042
Net earnings margin		0.9%

	Results classification	Earnings before interest & taxes	Earnings per diluted share
Reported measure		\$ 92	\$ 0.55
Restructuring costs ^(a)	Restructuring costs	118	1.89
Income tax impact		—	(0.42)
Normalized tax rate adjustment ^(b)		—	0.13
Ongoing measure		\$ 210	\$ 2.15
Net sales		\$ 4,042	
Ongoing EBIT margin			5.2%

Note: Numbers may not reconcile due to rounding

Second-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 June 30, 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. Our second-quarter GAAP tax rate was 64.5%. The aggregate income tax impact of the taxable components of each adjustment is presented in the income tax impact line item at our second-quarter adjusted tax rate (non-GAAP) of 17.5%.

Earnings Before Interest & Taxes Reconciliation:	Three Months Ended June 30, 2019	
Net earnings (loss) available to Whirlpool	\$	67
Net earnings (loss) available to noncontrolling interests		5
Income tax expense (benefit)		130
Interest expense		52
Earnings (loss) before interest & taxes	\$	254
Net sales	\$	5,186
Net earnings margin		1.3%

	Results classification	Earnings before interest & taxes	Earnings per diluted share
Reported measure		\$ 254	\$ 1.04
Restructuring costs ^(a)	Restructuring costs	60	0.93
Brazil indirect tax credit ^(c)	Interest and sundry (income) expense	(53)	(0.82)
Divestiture related transition costs ^(d)	Selling, general and administrative	11	0.18
Loss on disposal of businesses ^(e)	Gain (loss) on sale and disposal of businesses	79	1.24
Product warranty and liability expense ^(f)	Cost of goods sold	12	0.19
Income tax impact		—	(0.30)
Normalized tax rate adjustment ^(b)		—	1.56
Ongoing measure		\$ 363	\$ 4.01
Net sales		\$ 5,186	
Ongoing EBIT margin			7.0%

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 June 30, 2020. 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 June 30, 2020

	Segment earnings (loss) before interest and taxes	Restructuring costs ^(a)	Ongoing segment earnings (loss) before interest and taxes
North America	\$ 316	\$ —	\$ 316
EMEA	(66)	—	(66)
Latin America	11	—	11
Asia	(18)	—	(18)
Other/Eliminations	(151)	118	(33)
Total Whirlpool Corporation	\$ 92	\$ 118	\$ 210

The reconciliation provided below reconciles ongoing segment EBIT with segment EBIT, for the three months ended June 30, 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 June 30, 2019

	Segment earnings (loss) before interest and taxes	Restructuring costs ^(a)	Brazil indirect tax credit ^(c)	Divestiture related transition costs ^(d)	Loss on disposal of businesses ^(e)	Product warranty and liability expense ^(f)	Ongoing segment earnings (loss) before interest and taxes
North America	\$ 353	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 353
EMEA	(28)	—	—	—	—	12	(16)
Latin America	56	—	—	—	—	—	56
Asia	15	—	—	—	—	—	15
Other/Eliminations	(142)	60	(53)	11	79	—	(45)
Total Whirlpool Corporation	\$ 254	\$ 60	\$ (53)	\$ 11	\$ 79	\$ 12	\$ 363

Note: Numbers may not reconcile due to rounding

Organic Net Sales

The reconciliation provided below reconciles the non-GAAP financial measure organic net sales with reported net sales, for the twelve months ending December 31, 2020 for the Company.

	Twelve Months Ending December 31, 2020
GAAP net sales (% decline)	10% - 15%
Less: Embraco net sales	~(3)%
Organic net sales (% decline)	<u>7% - 12%</u>

Note: the impact of currency on net sales for future periods is not included.

The reconciliation provided below reconciles the non-GAAP financial measure organic net sales with reported net sales, for the three months ended June 30, 2020 and June 30, 2019 for the Company.

	Three Months Ended June 30,			
	2020	2019		Change
Net sales	\$ 4,042	\$ 5,186		(22.1)%
Less: Embraco net sales	—	(323)		
Add-Back: currency	149	—		
Organic net sales	<u>\$ 4,191</u>	<u>\$ 4,863</u>		(13.8)%

The reconciliation provided below reconciles the non-GAAP financial measure organic net sales with reported net sales, for the three months ended June 30, 2020 and June 30, 2019 for Whirlpool Latin America.

	Three Months Ended June 30,			
	2020	2019		Change
Net sales	\$ 434	\$ 888		(51.1)%
Less: Embraco net sales	—	(323)		
Add-Back: currency	108	—		
Organic net sales	<u>\$ 542</u>	<u>\$ 565</u>		(4.1)%

Note: Numbers may not reconcile due to rounding

Footnotes:

- a. **RESTRUCTURING COSTS** - 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. In 2020, these costs are primarily related to actions that right-size and reduce the fixed cost structure of our North America business and other centralized functions, attributable primarily to the current macroeconomic uncertainties caused by COVID-19.
- b. **NORMALIZED TAX RATE ADJUSTMENT** - During the second quarter of 2020, the Company calculated ongoing earnings per share using an adjusted tax rate of 22.5%, to reconcile to our anticipated full-year effective tax rate between 20% and 25%. During the second quarter of 2019, the Company calculated ongoing earnings per share using an adjusted tax rate of 17.5%, to reconcile to our anticipated full-year 2019 effective tax rate between 15% and 20%, which excludes the gain on sales of the Embraco compressor business, the Brazil indirect tax credit, and the sale and disposal of businesses.
- 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** - During the first and second quarter of 2019, the Company recognized transition costs of approximately \$6 million and \$11 million, respectively, associated with the sale of its Embraco compressor business.
- e. **LOSS ON 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.
- f. **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 quarter of 2019, the Company incurred approximately \$12 million of additional product warranty expense related to our previously disclosed legacy Indesit dryer corrective action campaign in the UK.

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 six months ended June 30, 2020 and 2019 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>	Six Months Ended June 30,	
	2020	2019
Cash provided by (used in) operating activities	\$(745)	\$(821)
Capital expenditures, proceeds from sale of assets/ businesses and change in restricted cash*	(128)	(176)
Free cash flow	<u>\$(873)</u>	<u>\$(997)</u>
Cash provided by (used in) investing activities	(128)	(195)
Cash provided by (used in) financing activities	1,605	678

*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.

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First-Quarter 2020 Ongoing Earnings Before Interest and Taxes and Ongoing Earnings per Diluted Share

The reconciliation provided below reconciles the non-GAAP financial measures ongoing earnings before interest and taxes and ongoing earnings per diluted share, with the most directly comparable GAAP financial measures, net earnings available to Whirlpool and net earnings per diluted share available to Whirlpool, for the three months ended March 31, 2020. 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 first-quarter GAAP tax rate was 32.6%. The aggregate income tax impact of the taxable components of each adjustment is presented in the income tax impact line item at our first-quarter adjusted tax rate (non-GAAP) of 22.5%.

	Three Months Ended March 31, 2020	
Earnings Before Interest & Taxes Reconciliation:		
Net earnings (loss) available to Whirlpool	\$	152
Net earnings (loss) available to noncontrolling interests		(5)
Income tax expense (benefit)		72
Interest expense		42
Earnings before interest & taxes	\$	261
Net sales	\$	4,325
Net earnings margin		3.5%

	Results classification	Earnings before interest & taxes	Earnings per diluted share
Reported measure		\$ 261	\$ 2.41
Restructuring costs	Restructuring costs	5	0.08
Income tax impact		—	(0.02)
Normalized tax rate adjustment		—	0.35
Ongoing measure		\$ 266	\$ 2.82
Net sales		\$ 4,325	
Ongoing EBIT margin			6.1%

Note: Numbers may not reconcile due to rounding

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. Our fourth-quarter GAAP tax rate was 12.8%. 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%.

Earnings Before Interest & Taxes Reconciliation:		Three Months Ended December 31, 2019
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	\$	370
Net sales	\$	5,382
Net earnings margin		5.4%

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

Note: Numbers may not reconcile due to rounding

Third-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 September 30, 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. Our third-quarter GAAP tax rate was 46.3%. The aggregate income tax impact of the taxable components of each adjustment is presented in the income tax impact line item at our third-quarter adjusted effective tax rate of 17.5%.

		Three Months Ended September 30, 2019	
Earnings Before Interest & Taxes Reconciliation:			
Net earnings (loss) available to Whirlpool		\$	358
Net earnings (loss) available to noncontrolling interests			6
Income tax expense (benefit)			313
Interest expense			45
Earnings before interest & taxes		\$	722
Net sales		\$	5,091
Net earnings margin			7.0%

		Results Classification	Earnings before interest & taxes	Earnings per diluted share
Reported measure			\$ 722	\$ 5.57
Restructuring costs	Restructuring costs		56	0.88
Divestiture related transition costs	Selling, general and administrative		(14)	(0.22)
Divestiture related transition costs	Interest and sundry (income) expense		(3)	(0.05)
(Gain) loss on sale and disposal of businesses	(Gain) loss on sale and disposal of businesses		(516)	(8.03)
Product warranty and liability expense	Cost of products sold		119	1.85
Income tax impact			—	0.97
Normalized tax rate adjustment			—	2.99
Ongoing measure			\$ 364	\$ 3.97
Net sales			\$ 5,091	
Ongoing EBIT margin				7.2%

Note: Numbers may not reconcile due to rounding

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

The reconciliation provided below reconciles the non-GAAP financial measures ongoing earnings before interest and taxes and ongoing earnings per diluted share, with the most directly comparable GAAP financial measures, net earnings available to Whirlpool and net earnings per diluted share available to Whirlpool, for the three months ended March 31, 2019. Ongoing EBIT margin is calculated by dividing ongoing EBIT by net sales. EBIT margin is calculated by dividing EBIT by net sales. The earnings per diluted share GAAP measure and ongoing measure are presented net of tax, while each adjustment is presented on a pre-tax basis. Our first-quarter GAAP tax rate was (38.5)%. The aggregate income tax impact of the taxable components of each adjustment is presented in the income tax impact line item at our first-quarter adjusted effective tax rate of 17.5%.

Earnings Before Interest & Taxes Reconciliation:	Three Months Ended March 31, 2019
Net earnings (loss) available to Whirlpool	\$ 471
Net earnings (loss) available to noncontrolling interests	3
Income tax expense (benefit)	(132)
Interest expense	51
Earnings before interest & taxes	<u>\$ 393</u>

	Earnings before interest & taxes	Earnings per diluted share
Reported measure	\$ 393	\$ 7.31
Restructuring costs	26	0.40
Brazil indirect tax credit	(127)	(1.97)
Divestiture related transition costs	6	0.09
Income tax impact	—	0.26
Normalized tax rate adjustment	—	(2.98)
Ongoing measure	<u>\$ 298</u>	<u>\$ 3.11</u>

Note: Numbers may not reconcile due to rounding