

Fourth Quarter 2020 Earnings Review

THURSDAY, JANUARY 28, 2021

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 financial results for 2021 and the key drivers for such results, industry expectations, supply-chain improvements, COVID-related supply chain impacts, and progress on ESG commitments. 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



Fourth-Quarter Results Highlights

PROFITABLE GROWTH

Net Sales	YoY Change
$5.8B	7.7% (+10.3% organic[4])

MARGIN EXPANSION

Ongoing EBIT Margin[1]	YoY Change
11.3%	4.1 pts

CASH CONVERSION

Free Cash Flow[2]	FCF as % of Net Sales
$1.25B	6.4%

- Organic net sales growth of 10% driven by solid global industry demand
- Significant EBIT margin[1] expansion of 410 bps to 11.3%
- EBIT[3] improvement in all regions, led by double-digit margins in North America Region and Latin America Region
- Record free cash flow driven by strong earnings

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Full-Year Results Highlights

PROFITABLE GROWTH

Net Sales	YoY Change
$19.5B	(4.7)% (+1.1% organic[4])

MARGIN EXPANSION

Ongoing EBIT Margin[1]	YoY Change
9.1%	2.2 pts

CASH CONVERSION

Free Cash Flow[2]	FCF as % of Net Sales
$1.25B	6.4%

We took early, decisive actions in a challenging environment

- Prioritized the health and safety of our employees
- Delivered cost take-out program
- Flawlessly executed go-to-market actions

We are delivering on our long-term value creation targets

- Record ongoing EPS[1] of $18.55, for the third consecutive year
- Record ongoing EBIT margin[1] of 9.1% an increase of 220 bps
- Record free cash flow[2] of $1.25B

We strengthened our balance sheet and drove shareholder value

- Gross debt leverage[5] reduced to 2.3x
- Improved ROIC[6] by 140 bps to 10.9%
- Increased dividend for eighth consecutive year and executed share repurchases of ~$120 million

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Substantial Margin Expansion in 2020

(Approximate impact)	Q4	FY
2019 Ongoing EBIT Margin	**7.2%**	**6.9%**
Price/Mix	+3.75	+1.25
Net Cost*	+1.25	+0.75
Raw Material/Tariff Inflation	+1.25	+1.25
Marketing & Technology Investments	-1.00	-0.25
Currency	-1.25	-0.75
2020 Ongoing EBIT Margin	**11.3%**	**9.1%**

*Inclusive of Fixed Cost Takeout, Ongoing Cost Productivity (Including Conversion and Freight & Warehousing), Volume Deleveraging and Restructuring Benefits.

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Regional Overview

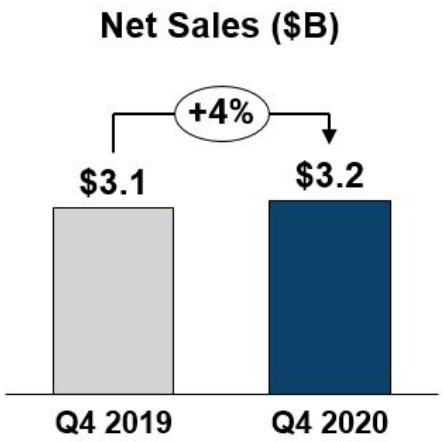


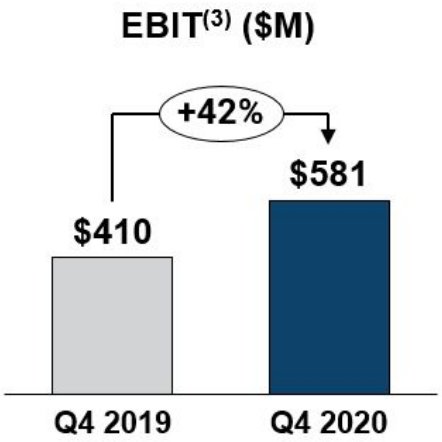
Jim Peters

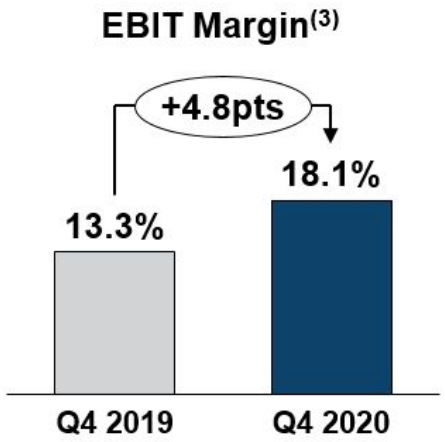
EXECUTIVE VICE PRESIDENT
AND CHIEF FINANCIAL OFFICER



North America Fourth-Quarter Results

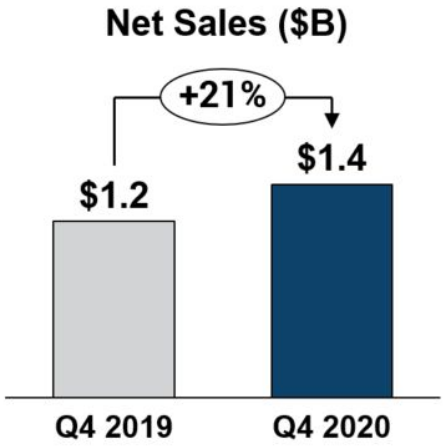


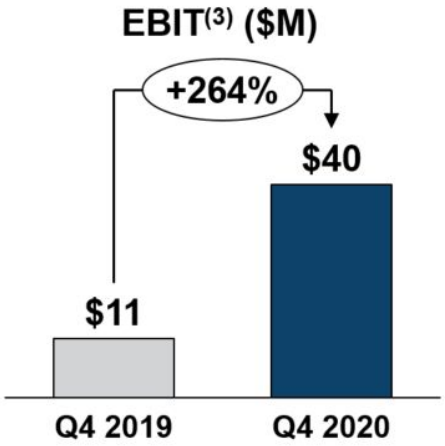


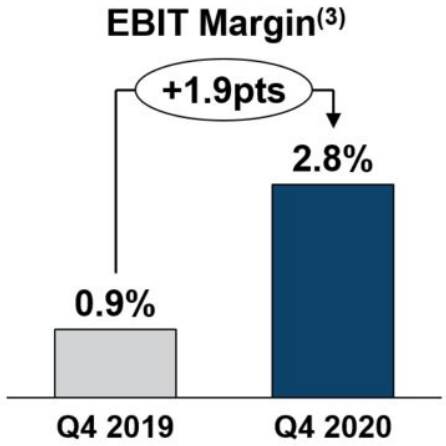


- Sustained strong consumer demand driving solid revenue growth
- Record EBIT performance driven by flawless execution of go-to-market and cost takeout initiatives
- Gradual supply chain improvements on-track

EMEA Fourth-Quarter Results

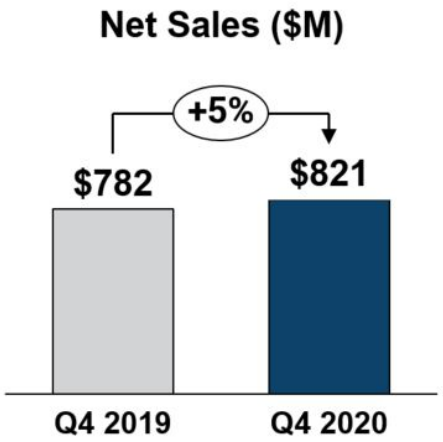


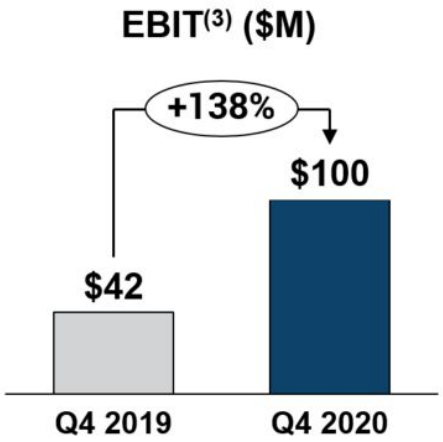


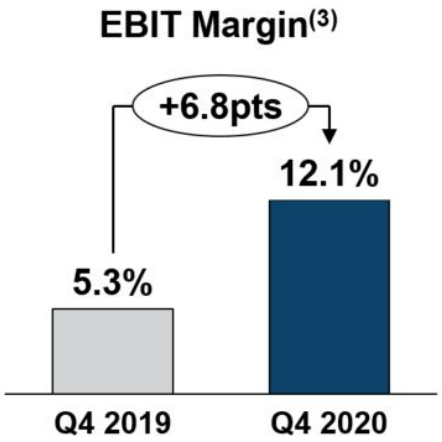


- Share gains in key countries
- Strong EBIT improvement (+$29M) fueled by demand and cost actions
- Full-year EBIT positive as strategic actions continue to drive progress towards long-term goals

Latin America Fourth-Quarter Results

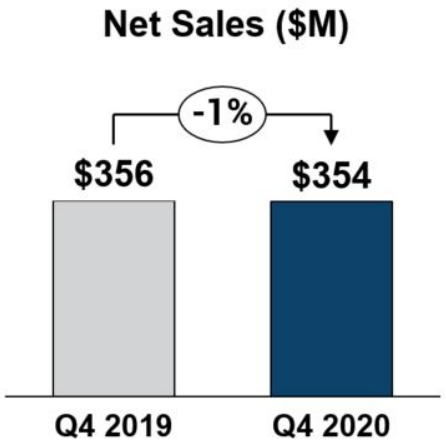


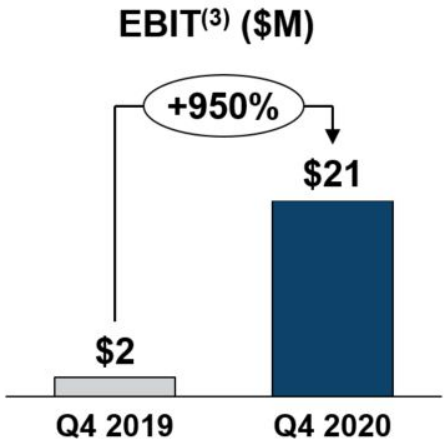


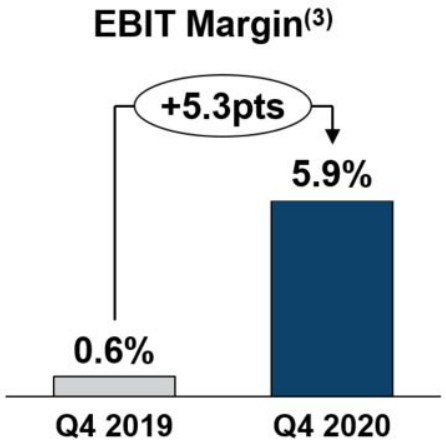


- Organic net sales growth of 28%, driven by strong industry growth in Brazil
- EBIT growth driven by increased demand and disciplined execution of go-to-market actions
- Strong EBIT margin performance despite currency headwinds in Brazil and Argentina

Asia Fourth-Quarter Results







- Solid India results led by demand recovery in the region
- Strong EBIT improvement in China driven by cost productivity actions
- Whirlpool branded share growth in China on-track

2021 Guidance



Marc Bitzer

CHAIRMAN AND CHIEF EXECUTIVE OFFICER



Jim Peters

EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER



2021 Guidance

DELIVERING ON LONG-TERM VALUE CREATION TARGETS

	PROFITABLE GROWTH	MARGIN EXPANSION	CASH CONVERSION
LONG-TERM GOALS	~3% ANNUAL ORGANIC NET SALES GROWTH	~10% ONGOING EARNINGS BEFORE INTEREST AND TAX, % OF NET SALES	6%+ FREE CASH FLOW AS % OF NET SALES
2021 GUIDANCE	Net Sales: ~$20.6B YoY Change: ~6%*	Ongoing EBIT Margin[1]: 9%+ YoY Change: 0 - 25bps	Free Cash Flow[2]: $1B+ FCF as % of Net Sales: 5%+

*Does not include the impact of currency

Full-year ongoing EPS range of $19.00 - $20.00

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2021 Ongoing EBIT Margin[(1)] Guidance

(Approximate impact)	Current	Comments
2020 Ongoing EBIT Margin	**9.1%**	
Price/Mix	+1.0	• Disciplined execution of go-to-market actions and recently announced price increases • Product launches and positive consumer trends driving price/mix
Net Cost*	+1.5	• 2020 cost program carryover, cost reduction initiatives and volume leverage
Raw Material Inflation	-1.5	• Expect $250 - $300M of unfavorable materials, primarily steel and resin
Marketing & Technology Investments	-0.5	• Increased brand and product investments
Currency	-0.5	• Primarily BRL and ARS
2021 Ongoing EBIT Margin	**9%+**	

*Inclusive of Fixed Cost Takeout, Ongoing Cost Productivity (Including Conversion and Freight & Warehousing), Volume Leveraging and Restructuring Benefits

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2021 Regional Guidance

	Industry	EBIT %
 North America	4 - 6%	15%+
 Europe, Middle East & Africa	2 - 4%	2.5%+
 Latin America	2 - 4%	7%+
 Asia	6 - 8%	2%+
Total	**~4%**	**9%+**

2021 Free Cash Flow[(2)] Guidance

(Approximate impact in millions)	2020	2021	Comments
Cash Earnings and Other Operating Items	$1,954	$1,950	• Driven by sustained EBIT margin
Capital Expenditures	$(410)	$(600)	• Innovation and digital transformation investments
Working Capital	$(358)	$(175)	• Moderate inventory build
Restructuring Cash Outlays	$(196)	$(225)	• Driven by 2020 restructuring actions
Sale of Assets/Business	$166	$50	• Continuation of real estate optimization strategy
Other Items	$90	-	• Detail provided on Slide 27 in the appendix
Free Cash Flow	**$1,246**	**$1,000+**	

2021 Capital Allocation Strategy

1. Fund Innovation and Growth	Target
Capital Expenditure	Invest ~3% of net sales
Research and Development	Invest ~3% of net sales
Mergers & Acquisitions	Pursue opportunistic M&A with high ROIC

2. Return to Shareholders	Target
Dividends	~30% of trailing 12-month ongoing net earnings
Share Repurchase	Moderate share repurchases; ~$530M authorization remaining
Targeted Capital Structure	Maintain strong investment grade rating; Gross Debt/EBITDA of 2.0x

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Executive Summary

- We are delivering on our long-term value creation targets with record 2020 results and significant progress on our ESG commitments

- Expect sustained strong demand trends and go-to-market actions to offset cost inflation and supply challenges in 2021
    - Increased disposable income, a shift towards nesting, and positive housing trends
    - COVID-related supply chain challenges expected to be resolved by end of Q2
    - Continued track record of innovation and operational excellence

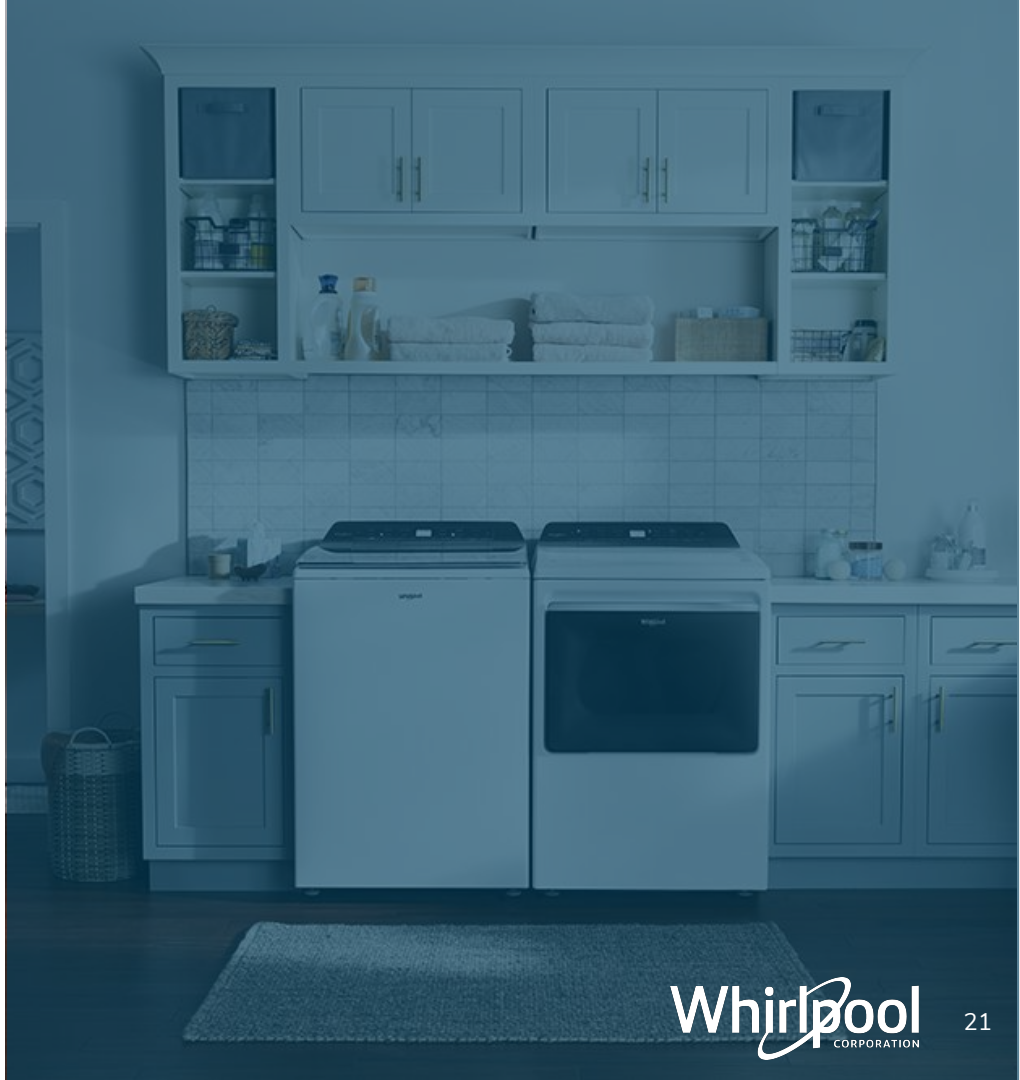
- On a path to yet another record year in 2021

Closing Remarks and Q&A




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Appendix



2020 Business Drivers

(Approximate impact)	Q1	Q2	Q3	Q4	FY	Comments
2019 Ongoing EBIT Margin	6.3%	7.0%	7.2%	7.2%	6.9%	
Price/Mix	-1.75	-0.75	+2.75	+3.75	+1.25	• Go-to-market actions and product launches
Net Cost (excluding Raw Material/Tariff Inflation)*	+0.75	-1.50	+2.00	+1.25	+0.75	• Significant Covid-related production impact in H1
Raw Material/Tariff Inflation	+1.00	+1.00	+1.50	+1.25	+1.25	• Favorable RMI trends, primarily steel and resin
Marketing & Technology Investments	+0.25	+0.25	-0.50	-1.00	-0.25	• Increased brand and product investments
Currency	-0.50	-0.75	-1.00	-1.25	-0.75	• Primarily BRL and ARS
2020 Ongoing EBIT Margin	6.1%	5.2%	12.0%	11.3%	9.1%	
Organic[4] Net Sales Growth	*(0.3)%*	*(13.8)%*	*7.0%*	*10.3%*	*1.1%*	
2020 EBIT[1] $ Seasonality	*15%*	*12%*	*36%*	*37%*	*100%*	

(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.

*Inclusive of Fixed Cost Takeout, Ongoing Cost Productivity (Including Conversion and Freight & Warehousing), Volume Deleveraging and Restructuring Benefits.

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Key Assumptions – Guidance

Income Statement	FY2020A	FY2021E
Raw Material (Inflation) / Deflation	$250M	$(250) - (300)M
Restructuring Costs	$288M	~$100M
Interest Expense	$189M	~$190M
Adjusted Effective Tax Rate	26.3%	24-26%
Weighted-Average Diluted Shares Outstanding	63.3M	63.9M*

Cash Flow Statement	FY2020A	FY2021E
Capital Expenditures	$410M	~$600M
Dividends Paid	$311M	**
Amount of Stock Repurchased	$121M	**
Restructuring Cash Outlays	$196M	~$225M
Cash Tax Rate	15.7%	15-20%

Note: 2021 tax rate guidance reflects GAAP and adjusted effective tax rate
*Reflects share count as of 12/31/2020 (does not reflect potential 2021 share repurchases or share dilution)
**Not included in Company's guidance

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Interest and Sundry (Income) Expense

(Approximate impact in millions)	Q4 2019	Q4 2020		FY 2019	FY 2020	Comments
Net Foreign Exchange	$(10)	$(7)		$(35)	$(29)	• Includes foreign exchange and hedge (gain)/loss
Interest (Income)/Other	4	24		(12)	8	• Primarily banking fees and interest income; pension settlement in Q4 2020
Sub-Total	**(6)**	**17**		**(47)**	**(21)**	
One-Time Items:						
Brazil Indirect Tax Credit*	-	-		(180)	-	• Gain related to recovery of certain taxes (ICMS)
Trade customer insolvency claim settlement*	59	-		59	-	
Interest and Sundry (Income) Expense	**$54**	**$17**		**$(168)**	**$(21)**	

*Item is excluded from ongoing results
Note: Numbers may not reconcile due to rounding

Restructuring Cash Outlays

(Approximate impact in millions)	2020	2021	Comments
COVID-19 related actions	$115	$105	
Naples closure	24	70	• Naples, Italy manufacturing facility
Other initiatives	57	50	• Primarily previous year actions
Total	**$196**	**~$225**	

Free Cash Flow[(2)] Other Items

(Approximate impact in millions)	2020	2021	Impact	Comments
Claim Settlement	$(60)	-	$60	• Trade customer insolvency claim in EMEA
Washer Recall	(50)	-	50	• EMEA-produced product warranty recall expense
Cash Tax Credits	200	-	(200)	• Primarily cash tax credits gained through the production of energy efficient appliances
Other Items	**$90**	**$-**	**($90)**	

Q4 Organic Net Sales[4] Reconciliation

(Approximate impact in millions)	Q4 2019	Q4 2020	Change	Comments
Net Sales	**$5,382**	**$5,798**	**7.7%**	
Less: Embraco Net Sales	-	n/a		• Embraco sale completed July 1, 2019
Add-Back: Currency	n/a	138		• Primarily BRL and ARS
One-Time Items	**$5,382**	**$5,937**	**10.3%**	

FY Organic Net Sales[4] Reconciliation

(Approximate impact in millions)	FY 2019	FY 2020	Change	Comments
Net Sales	**$20,419**	**$19,456**	**(4.7)%**	
Less: Embraco Net Sales	(635)	n/a		• Embraco sale completed July 1, 2019
Add-Back: Currency	n/a	551		• Primarily BRL and ARS
One-Time Items	**$19,784**	**$20,007**	**1.1%**	

Use of Non-GAAP Financial Measures

This presentation includes certain non-GAAP financial measures, some of which we refer to as "ongoing"[1] 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[2], free cash flow as percentage of sales, net sales (excluding currency), adjusted effective tax rate, net sales (excluding divestitures and currency), which we refer to as organic net sales, gross debt leverage (Gross Debt/Ongoing EBITDA) and ROIC.

Please refer to the supplemental information pack located in the events section of our Investor Relations website at 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 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 $(43) million and $(95) million for the fourth quarters of 2020 and 2019, respectively.
(4) Organic net sales is a non-GAAP measure. See our website for reconciliation information for this and prior quarters.
(5) Gross debt leverage represents Gross Debt/Ongoing EBITDA. See our website for reconciliation information.
(6) Return on Invested Capital (ROIC) is a non-GAAP measure. See our website for reconciliation information.