

# Contents

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02

CORRECTED TRANSCRIPT Whirlpool CorpWHRUS Q2 2025 Earnings Call 29July2025 800 AM ET - 28-07-2025

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# Whirlpool Corp. (WHR)

Q2 2025 Earnings Call

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**James W. Peters**

*Executive Vice President & Chief Financial and Administrative Officer, Whirlpool Corp.*

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## MANAGEMENT DISCUSSION SECTION

**Operator:** Good morning, and welcome to Whirlpool Corporation's Second Quarter 2025 Earnings Call. Today's call is being recorded. Joining me today are Marc Bitzer, our Chairman and Chief Executive Officer; and Jim Peters, our Chief Financial and Administrative Officer. Our remarks today track with a presentation available on the Investors section of our website at [whirlpoolcorp.com](http://whirlpoolcorp.com).

Before we begin, I want to remind you that as we conduct this call, we will be making forward-looking statements to assist you in better understanding Whirlpool Corporation's future expectations. Our actual results could differ materially from these statements due to many factors discussed in our latest 10-K, 10-Q and other periodic reports.

We also want to remind you that today's presentation includes the non-GAAP measures outlined in further detail at the beginning of our earnings presentation. We believe these measures are important indicators of our operations, as they exclude items that may not be indicative of results from our ongoing business operations.

We also think the adjusted measures will provide you with a better baseline for analyzing trends and our ongoing business operations. Listeners are directed to the Supplemental Information Package posted on the Investor Relations section of our website for the reconciliation of non-GAAP items to the most directly comparable GAAP measures.

At this time, all participants are in listen-only mode. Following our prepared remarks, the call will be open for analysts' questions. As a reminder, we ask that participants ask no more than two questions.

With that, I'll turn the call over to Marc.

## Marc Robert Bitzer

*Chairman & Chief Executive Officer, Whirlpool Corp.*

Thanks, Scott, and good morning, everyone. As expected, we navigated the challenging second quarter and continue to operate in an increasingly complex external environment. The macroeconomic uncertainty, marked by elevated interest rates and evolving trade policies, negatively impacted consumer sentiment. In particular, weakness of consumer sentiment not only suppressed demand but also impacted itself, as we continued to see consumers choosing to mix into lower end products.

Furthermore, with the recent delays in tariff implementation, Asian competitors are not yet experiencing the full cost of tariffs and have continued to increase their imports ahead of the tariffs. In fact, we estimate that during the first half of this year, the amount of Asian appliance imports will approach the highest level on record.

Needless to say that this preloading has created significant short-term disruption, adding to the promotional intensity throughout the second quarter. We are well positioned to win over time and are confident these effects are temporary in nature. However, it has become clear that they will extend well into the third quarter, putting pressure on short-term margin expansion. Despite these macro challenges, we still delivered sequential net sales growth across all segments in the second quarter and very strong results in our SDA Global business, driven by our exciting new products.

Given the prolonged loading impact by competitors and the lack of consumer confidence in marketplace, we are updating our full year guidance. As we expect the full impact of tariffs to kick in later this year and these temporary negative effects to subside, we are confident that we will see meaningful improvement in the MDA North American business heading into next year.

Our perspective has not changed that Whirlpool will be a net beneficiary from these new tariff policies. We are structurally positioned to win in this environment and believe we are operating from a position of strength, driven by a strong domestic footprint. Irrespective of the external challenges, we will stay focused on what we control. We successfully implemented pricing actions, we structurally drove costs out of our business and we strengthened our balance sheet with our recent debt refinancing.

Putting it all together, our investment case remains as strong as ever and we see a credible pathway for improvement in our results. One, we are excited about the extensive portfolio of new products we're introducing this year, the largest number in more than a decade. Two, we are a clear beneficiary of structural shifts in trade policy. And three, our leadership position with US homebuilders and our deep relationship with national account position us to benefit from eventual recovery in the US housing market. Whirlpool is well-positioned to deliver sustained long-term value and we have every confidence we will do so.

Turning to slide 6, I will provide an overview of our second quarter results. Negative consumer sentiment that impacted global industry demand in the second quarter led to a 3% decline in net sales, excluding currency. Despite the challenging demand environment, we continue to see strong growth in our SDA Global business.

Global EBIT margins held steady year-over-year at 5.3% despite significant currency headwinds, primarily from a weakening Brazilian real. Our free cash flow was unfavorable versus prior year by approximately \$140 million, driven by the seasonal inventory build. Ultimately, we delivered ongoing earnings per share of \$1.34, which was

negatively impacted by approximately \$0.35 from a non-cash loss associated with our minority interest in Beko Europe B.V.

Turning to slide 7, I will provide an overview of our second quarter ongoing EBIT margin drivers. Price/mix favorably impacted margin by 25 basis points. This was slightly below our expectations as the preloading of Asian imports sustained an intense promotional environment.

Additionally, weakened consumer confidence pushed mix down further in an environment that was already largely replacement driven. As expected, our cost takeout actions delivered margin expansion of 100 basis points year-over-year, led by our continued manufacturing and supply chain efficiencies and our organizational simplification actions. As expected, raw materials were essentially flat.

In the second quarter, we began to experience the increased costs associated with tariffs at approximately 50 basis points. While overall marketing and technology was flat versus prior year, we have continued to invest in our new products. In the second quarter, the Brazilian real and Mexican peso depreciated compared to prior year, resulting in an unfavorable margin impact of 50 basis points. We also experienced approximately \$90 million of unfavorable non-cash impact from our minority stake in Beko Europe B.V. Ultimately, we maintained flat margins year-over-year despite the challenging global macro environment.

And now, I will turn it over to Jim to review the second quarter segment results.

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## James W. Peters

*Executive Vice President & Chief Financial and Administrative Officer, Whirlpool Corp.*

Thanks, Marc. Good morning, everyone. Turning to slide 8, I'll review the second quarter results for our MDA North America business. Net sales were down 5% year-over-year as we continue to experience a challenging macro environment in the US. Consumer sentiment remains weak as a result of the economic uncertainty and evolving tariff policies.

As Marc stated, the significant preloading of Asian imports from foreign competitors due to the delay in tariff implementation caused the promotional intensity to persist. In the first half, we saw Asian imports up over 20%, while the industry was down despite being propped up by the inventory loading. All this is effectively delaying the impact of tariffs on appliances being imported by our foreign competitors well into the second half of this year.

Despite these challenges, MDA North America delivered an EBIT margin of approximately 6%, with strong cost takeout, offset by lower volume and unfavorable product mix. While we continue to experience a choppy macro environment, we are confident in our growth potential for North America.

Turning to slide 9, I'll review the results for our MDA Latin America business. In the second quarter, MDA Latin America experienced a net sales decline of 1% year-over-year, excluding currency, with implemented pricing actions, offset by double-digit negative consumer demand in Mexico. The segment delivered a solid EBIT margin of 6%, with favorable price mix and cost actions driving approximately 20 basis points of expansion year-over-year.

Turning to slide 10, I'll review the results for our MDA Asia business. In the second quarter, MDA Asia saw a net sales decline of 4% year-over-year, excluding currency, driven by industry decline, partially offset by continued strong share gains. The segment delivered over 7% EBIT margin in the quarter, with 90 basis points of year-over-year margin expansion from continued cost takeout. Our Asia business continues to operate well, overcoming the geopolitical tensions in the second quarter and delivering substantial margin expansion and share gains.

Turning to slide 11, I'll review the results of our SDA Global business. The segment delivered another strong quarter with net sales growth of 8% year-over-year, driven by direct-to-consumer sales growth despite a declining industry in North America. We continue to see growth and margin expansion from our recent product launches in high-growth categories, including our semi and fully automatic espresso machines. The SDA Global business is well-positioned to continue to deliver significant growth in the second half of the year, which typically accounts for two-thirds of annual demand.

Now, I will turn the call over to Marc to provide an overview of North America's growth catalysts.

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## Marc Robert Bitzer

*Chairman & Chief Executive Officer, Whirlpool Corp.*

Thanks, Jim. Turning to slide 13, we outlined why North America is well-positioned to unlock significant value creation. As mentioned before, there are three fundamental components that serve as catalysts for growth of our North America business. First, we strengthened our leading brand and product portfolio with over 30% of our North American products transitioning to new products in 2025.

For context, this is our largest product portfolio refresh in over a decade. Our trade customers have responded very positively to the new product innovations we're launching this year, resulting in gaining a significant number of new floor spots. While the new product launches are taking place throughout 2025, we expect to see the biggest impact from our new KitchenAid suite launch, which starts shipping late September.

Secondly, our strong US-based manufacturing footprint positions us as net winners of a new tariff and trade policies. In an industry where most competitors are largely importers of major domestic appliances, 8 in 10 products Whirlpool sales in the US are made in the US. Furthermore, the majority of our raw materials and components are also domestically sourced, with over 96% of the steel used in our US factories sourced from the US.

With our larger domestic production footprint, we are uniquely positioned in the appliance industry and the current economic landscape. Based on the announcements in effect as of today, we expect that foreign competitors will begin to experience the full implications of tariffs on appliances as they sell down their preloaded inventory in the back half of 2025.

Lastly, turning to the US housing market, we continue to see strong underlying fundamentals that point to a likely multi-year recovery. The industry has been experiencing multi-decade lows in existing home sales, as mortgage rates have remained elevated. This is also shaping the profile of major appliance demand, which has seen discretionary demand contract by 10 points, as existing home sales tend to be the primary driver of discretionary demand.

While we're not assuming a housing market recovery in 2025, we believe in the mid- to long-term fundamentals and are positioned to capitalize on this opportunity. Simply put, there is no company better positioned to benefit from eventual housing market recovery than Whirlpool.

Now turning to slide 14, I would like to highlight some of the exciting new product launches. Let me start with our innovative downdraft induction cooktops from JennAir. As you might know, the downdraft cooktop is the heritage product of a JennAir super premium brand. What is new is the unique combination of induction technology with the most advanced and most powerful downdraft system, which we developed jointly with a leading European downdraft company.

Apart from the obvious benefits of a downdraft, like faster, more effective extraction and an unobstructed view, this product can be installed without a duct, which offers a great replacement demand opportunity. Based on what we learned from Europe, where this product is leading in the marketplace by value, we believe there's significant growth opportunity in the US as well.

On slide 15, you see a picture of our all new KitchenAid suite, which starts shipping end of September. To put this in context, the last time we introduced an all new KitchenAid suite was in 2015. And this line of products represents over \$1 billion of business. Beyond the modern and advanced design, this line will be unique in its personalization opportunity. The personalization comes from a combination of interchangeable colors, handles and knobs, which actually can be changed at the customer's home. We introduced this new line to the design and builder community a few months ago and the response has been remarkably strong, with hundreds of new floor spots gained.

Lastly, on slide 16, we show you our new Maytag Pets top load laundry. You might recall that our Pet Pro technology has been hugely successful in the top load agitator segment. We're now bringing this innovation also to impeller top load machines, which tend to be more in the premium segment of the marketplace. It is an industry-first technology and the Maytag brand has all the credibility in getting the tough job done to launch this innovation.

Turning to slide 17, we'll discuss the tariff landscape for appliance importers into the US. This slide summarizes the relevant tariff actions taken by the administration and illustrates the estimated tariff rates as a percentage of total product value, assuming rates as of today and the August 1 reciprocal tariffs.

You can see in the table how the various tariffs, including Section 232 in steel content, Section 301 specific components and finished goods, and the reciprocal IEEPA tariffs from various countries impact appliance imports. While the overall tariff picture still fluid, a 44% tariff on Chinese products and a 16% tariff on finished goods from other Asian countries should substantially impact competitors and in turn, benefit American manufacturers.

Slide 18 clearly shows why we believe that no matter how you look at the US appliance industry, there is no other company better positioned than Whirlpool with our US manufacturing footprint to navigate this trade landscape. As you can see, 80% of our MDA North American products sold in the US are produced in the US. This compares to the rest of the industry, excluding Whirlpool, which has only about 25% domestic production.

We're proud to be invested in the US manufacturing and we will continue to invest in the US, as we have for over a century. As the only primarily domestic producers compared to our major competitors who are largely importers, we're confident that this is a new competitive advantage for Whirlpool in the new tariff landscape.

Turning to slide 19, let me review how our North American business is well-positioned to benefit from an overdue housing market recovery in the US. Appliance demand is broken down into three main drivers: discretionary demand, which is highly correlated to existing home sales; new home construction and replacement demand, driven by duress purchases.

The US housing industry has slowed in recent years as interest rates have risen sharply, drastically impacting discretionary demand. Notably, the size of these demand drivers has shifted significantly in this timeframe, with replacement demand becoming a bigger portion of overall demand. While replacement demand has continued to be strong, this comes with a weaker mix relative to discretionary demand. Return of discretionary demand will bring a much stronger appliance mix.

Turning to slide 20, we show how discretionary demand is impacted by existing home sales. As mentioned earlier, there is a strong correlation between discretionary demand and existing home sales. In 2022, the rapid increase in mortgage rates slowed home sales significantly to the lowest level in 30 years.

As mortgage rates begin to moderate off the peak, we expect existing home sales to improve. Discretionary demand has a richer mix with more building products and full kitchen suite sales. We expect existing home sales will unlock in the mid-term and improve discretionary demand.

On slide 21, we discuss US new home construction, which has been undersupplied since the financial crisis and creates long-term upside potential for Whirlpool. There is an undersupply of US housing of approximately 3 million to 4 million homes, along with a rising median age of US homes to over 40 years, which is the oldest housing stock in US history. Given the favorable demographics in the US, a multi-year improvement in new housing starts is needed to address the undersupply gap.

Turning to slide 22, we highlight how our leading builder business is positioned to benefit from the overdue housing recovery. A few years ago, we made the conscious choice to invest in the US builder business and significantly strengthen our position in this part of the segment. As a result, today, we're proud to hold the number one position with national builders, approaching 60% share.

We also do business with 8 of the top 10 builders in the US. Our final mile delivery capabilities, along with the breadth of our products and brand portfolio, allow us to directly serve our builders and meet their needs, a truly differentiated capability.

Putting it all together, you see that we are at an inflection point in terms of our performance and our position to win in this environment.

To wrap up this section, let me repeat our three catalysts for structural long-term growth in our North American business with new products, strengthening our leading brand portfolio, a unique domestic footprint, which positions us as a winner in the new trade policy, and our number one position among builders, which will provide sizable upside in the eventual housing market recovery.

And now, I will turn it over to Jim to review our 2025 guidance and capital allocation priorities.

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## James W. Peters

*Executive Vice President & Chief Financial and Administrative Officer, Whirlpool Corp.*

Thanks, Marc. Turning to slide 24, I will review our updated guidance for 2025. As Marc highlighted, there continues to be considerable uncertainty in the macro environment, along with short-term headwinds from the preloading of Asian appliance imports. As a result, we are updating our full year guidance to reflect this uncertainty and the timing in which we expect some of these headwinds to subside.

We now target the India transaction to close around year-end, and therefore, have included the India results from July through December 2024 back into the baseline for comparison purposes. The reset baseline excludes approximately \$800 million in net sales and an approximately \$9 million EBIT loss, creating a like-for-like comparison for 2025 guidance.

On a like-for-like basis, 2024 net sales were approximately \$15.8 billion, with an ongoing EBIT margin of approximately 5.7%. We expect approximately flat net sales of \$15.8 billion in 2025, reflecting our strong pipeline

of new products, offset by the worsening global consumer sentiment impacting demand and unfavorable currency.

On a like-for-like basis, we expect an approximately flat ongoing EBIT margin of 5.7%. Free cash flow is expected to deliver approximately \$400 million.

As a reminder, the adjusted effective tax rate is expected to be 20% to 25% in 2025. We still expect the cash tax rate to be significantly lower. We expect full year ongoing earnings per share of \$6 to \$8.

Turning to slide 25, we show the drivers of our updated full year ongoing EBIT margin guidance. We have updated our expectation of price/mix to 25 basis points to reflect the weakening consumer sentiment impacting mix and the delays in tariffs prolonging the promotional pressure beyond what we previously anticipated.

Net cost takeout reflects the expectation of delivering approximately \$200 million. Transaction impacts reflects our most recent expectations on the non-cash impact of equity from affiliates related to Beko Europe, lowered by 25 basis points.

We lowered the expected impact of incremental tariffs from 250 to 150 basis points to reflect the most current proposed tariff rates. The biggest adjustment from previous expectations is most notably from China's tariff rates. We expect to offset these impacts through the cost-based pricing actions announced in the second quarter and by continuing to assess our supply sourcing strategy.

It is important to reiterate that these impacts represent currently announced tariffs and do not factor in any future or potential changes in trade policy.

Turning to slide 26, I will review our updated segment expectations. Globally, we now expect the total industry to be approximately flat to down 3%. In MDA North America, with the worsening consumer sentiment and pressure on discretionary demand, we expect the industry to be flat to down 3%.

MDA Latin America has seen significant deterioration in Mexico and a deceleration in Brazil. Therefore, we now expect industry to be flat to down 5%.

We continue to see demand improvement in India, however, behind initial expectations due to geopolitical tensions and an unusually cool summer selling season in the second quarter. We have adjusted the MDA Asia industry flat to up 3%.

Finally, SDA Global continues to be impacted by discretionary demand weakness in the US and Europe, resulting in the expected industry for the year to be flat to down 3%. It is important to note that we continue to expect to deliver incremental sales growth through our new product introductions despite the unfavorable industry.

We have adjusted EBIT margin in North America to reflect the prolonged effect of tariff uncertainty and the competitor preloading negatively impacting the promotional intensity. We expect a full year MDA North America margin of 6% to 6.5%. With unfavorable currency impacts and weakening consumer demand in Latin America, we now expect EBIT margin of approximately 7%.

We now expect MDA Asia EBIT margin of approximately 5%, driven by India consolidated results now being included in the full year guidance. With the strength of SDA Global's direct-to-consumer growth and previous new product introductions, we now expect an increase in EBIT margin to 15.5%.

Turning to slide 27, I will review our free cash flow guidance. We've updated our cash earnings and other operating accounts consistent with full year EBIT guidance. We have not changed our expectations for capital expenditures and continue to focus on delivering product excellence and investing in our US manufacturing footprint. We expect to sustain our low working capital levels and do not expect a material impact.

Finally, we've updated the restructuring expectations of the previously announced organizational simplification actions to approximately \$50 million. Overall, we expect free cash flow of approximately \$400 million for the year.

Turning to slide 28, I will review our capital allocation priorities. Investing in innovative products that meet our consumers' needs is critical to driving our organic growth. We are very excited about the 100 plus new products we are launching this year. Secondly, we are committed to reducing debt levels. We continue to expect to pay down \$700 million of debt in 2025, taking a significant step towards our long-term target of 2 times net debt leverage.

Lastly, we are committed to returning cash to shareholders by funding a healthy dividend. We are confident our business is well-positioned for growth. However, the volatile macro environment and prolonged suppressed housing cycle have impacted our short-term results. After careful consideration with focus on our long-term value creation, we are recommending to adjust the annual dividend rate to \$3.60 per share, starting in the third quarter. While this decision was not taken lightly, it is critical to ensure we create the capacity on our balance sheet for future investments in the US and continued focus on debt repayment. As a reminder, the dividend is approved quarterly by the Board of Directors.

Turning to slide 29. We continue to strengthen our balance sheet and operate with ample liquidity. We proactively refinanced \$1.2 billion of debt with 5 and 8-year notes at very favorable rates, with a weighted average rate of 6.3%. We still expect to pay down approximately \$700 million of debt this year, and the cash generation from the anticipated India transaction, which has generated significant interest from large third-party investors, is targeted to close around the end of 2025.

As a reminder, we have ample liquidity for our operations and financing needs, as we have access to a \$3.5 billion revolving credit facility.

Turning to slide 30, let me review what you heard today. While we are operating in a challenging macro cycle, we are encouraged by our progress. We continue to reduce costs from our business, launch record numbers of new products and execute previously announced pricing actions.

In North America, we're very well-positioned for growth, driven by our new product innovation, significant domestic manufacturing footprint and housing demand fundamentals that suggest a multiyear recovery is on the horizon. We continue to expect the administration's tariff policies will help level the playing field for US-based producers, and in effect, make Whirlpool a net winner.

Our SDA Global segment delivers strong value creation, as it delivers continued top line and margin expansion. As we move into the second half, we remain focused on the execution of what is within our control: driving structural cost takeout, implementing previously announced pricing actions and executing on our capital allocation priorities, including organic growth, debt reduction and funding a healthy dividend. With the right operational priorities in place, we are confident in our strategy and our ability to create long-term value.

Now, we will end our formal remarks and open it up for questions.

## QUESTION AND ANSWER SECTION

**Operator:** [Operator Instructions] Your first question comes from the line of David MacGregor from Longbow Research. Your line is open.

**David S. MacGregor**

*Analyst, Longbow Research LLC*

Q

Yes. Good morning, everyone. Thanks for taking the questions.

**Marc Robert Bitzer**

*Chairman & Chief Executive Officer, Whirlpool Corp.*

A

Good morning. Thanks, David.

**David S. MacGregor**

*Analyst, Longbow Research LLC*

Q

Hey. Marc, what's your best estimate of the quantity of pull-forward tariff-free imported product currently on the ground? And how long will it take to move that through retail?

**Marc Robert Bitzer**

*Chairman & Chief Executive Officer, Whirlpool Corp.*

A

David, it's – first of all, I admit it's difficult to exactly give an estimate, but let me give you a couple data points. As you've seen, the market overall on a sell-in base, on a registered sell-in base was slightly down in Q2, while at the same time, the appliance imports from Asia, if you take the year-to-date numbers, May, are significantly up. I mean, we're talking, particularly if you exclude China, more than 20% up.

So there's a significant imbalance between the officially declared sell-in and what has been shipped from Asia. I would argue, even with declared sell-in, it's slightly above the actual sellout. And we also, and we referred to this one earlier, the – what has been declared is [ph] EM (00:29:54) shipment may include some consignment stock from competitors. So it's very difficult to calibrate, but I would – and of course, we don't have a June official import data, so I'm referring to the May 1.

As of end of May, I would have expected there's probably easily 60 to 90 days of inventory from the excess Asian imports in there that, hopefully, will flow through the system and I think, hopefully, will become every month less as the tariffs are taking really effect, but it has been a significant additional loading happening throughout May.

**David S. MacGregor**

*Analyst, Longbow Research LLC*

Q

Okay. Thanks for that. I guess as a follow-up, I just wanted to ask you about the promotional calendar. And I guess at this point, all the manufacturers are out with their promotional plans for the second half. What are you hearing in the way of how second half might look different from the first half? It seems as though manufacturers are backing off PMAP, support for house offers, shifting to more kind of buy more save more type of promotional programs. Is the problem that your competitors' promotional focus has shifted to more premium products and that's cutting more into your margins. Just talk about how the second half should play out?

**Marc Robert Bitzer**

*Chairman & Chief Executive Officer, Whirlpool Corp.*

A

Yeah. And David, as you know, we're kind of – we typically don't give forward-looking statement on promotional pricing. So let me just more kind of this, kind of wisdom of hindsight, including July 4 and then you can try to read whatever into this one. First of all, as you've seen, in Q2, we significantly reduced our promotional efforts, both in duration and depth of promotion. Frankly, in Q2, we're probably quite a bit of ahead of our competitors in terms of being a little bit more or less aggressive, if you want to say so. And that was simply a result, we saw – also, we are impacted by tariffs costs and we had to adjust it.

But more importantly, simply in a strong replacement-driven market, the lift you get from this promotional investment is just very little, okay? And if you really look at the map of some of these promotions, the lift you get is, to some extent, even pulled forward. So you start wondering, does it purely economically make sense to have this deep investment in promotion periods when the lift is just very little. And that's, ultimately, why we curtailed our promotional depth and duration in Q2. And right now – and again, we don't give forward-looking statement, but, right now, we would not expect a completely different behavior from us.

We saw in the industry, July 4 was still deep for the industry. That is a large result, yeah, [ph] versus (00:32:25) excess inventory buildup in the system, and probably people had to sell it off. And that's just what it is. We saw post July 4, call it, a normalization post promotion. So there was a move up, but it's hard to yet predict what it really means for what you probably refer to Labor Day and Black Friday. I would overall expect probably a more muted environment than in past, but that's right now a pure speculation from my side.

**Operator:** Your next question comes from the line of Mike Dahl from RBC Capital Markets. Your line is open.

**Michael Dahl**

*Analyst, RBC Capital Markets*

Q

Hi. Thanks for taking my questions. Marc, I just want to follow up on the import dynamic, because I think on the last call, the inventory was characterized as maybe a number of weeks. Now it's extending through 3Q, which is kind of many months going back to kind of the April comments now through September. So, understanding that some of the data that we can all see is lagged, how much visibility do you actually have to make those kind of calculations around how much is in warehouses or how much is that sitting – whether it's warehouses at ports or warehouses from your retailers? Just trying to figure out, like the – especially as China seems to be on the verge of those tariffs getting delayed again, how you gauge the visibility of that level of imports?

**Marc Robert Bitzer**

*Chairman & Chief Executive Officer, Whirlpool Corp.*

A

Yeah. Michael, let me maybe give you a little bit of longer answer to your question. And of course, it's more calibration as opposed to absolute fact because you don't – obviously, we don't have precise inventory data by our competitors, but let me context, first of all. When we had our last earnings call, that was April, that was pretty much post or just a few weeks post the Liberation Day announcements, and I also want to be very clear, of course, we 100% support what the administration is trying to do and we ultimately will be a net beneficiary of this one. But you also have seen that since then, there have been a number of delays. And frankly, we're still operating in an environment where there is uncertainty about what happens around August 1 and what happens with country tariff. So, as much as we strongly applaud what the administration is doing, of course, we all live in an environment where tariffs have been delayed or postponed.

Now, you can also imagine when you send a message to our competitors that the tariffs are delayed, like an invitation, ship a little bit more in the next couple of weeks. And that's what we've seen throughout the entire second quarter. And by the way, the interesting data point you just need to look at is the – if you look at the container rates in terms of how they spike up. And that's always a signal, okay, there's more demand for shipments. So we've seen that with every tariff delay, there is another round of additional loading.

Now to calibrate it, yes, we know what the official sell-in data is. We know what the appliance imports are as of end of May, but June numbers will come out mid-August. What you've seen, and this may be a little bit of sign of encouragement, but China shipments started or leveling out a little bit. So we saw already a little bit of moderation in May. And that's probably a logical result of the China tariffs kicked in fairly significantly, but the other Asian countries were just significantly increased.

Now, I would expect with the Section 232 coming into effect and the additional country tariffs coming into effect, we would expect to see the same development also in the non-China Asian countries. But again, we expect, and of course, there is a lot of decision-making happening by the administration and we've got to see what's happening in the next couple of weeks.

So with the data points of sell-in data, industry sell-in, and where we have a pretty good understanding of overall sellout, we expect that – that's why I said earlier, we would expect a significant amount of preloaded inventory. Certainly, as of early June, we think there's quite a bit of inventory, which was sold through July 4. But of course, by definition, there's still quite a bit of inventory sitting out there. So – and that's why we all said, in Q3, we expect similar, but gradually improving environment and dynamics than we've experienced in Q2. Again, similar from starting point, but of course, with every month passing by and the tariffs becoming in effect, we will see more of a normalization happening around us.

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**Michael Dahl**

*Analyst, RBC Capital Markets*

Q

Okay. Yeah. That's really helpful color. Thank you, Marc. And the second question I have is related in terms of the North America major margins. It seems like the new guide is kind of flat or I think – I don't know if your comment about similar in 3Q just referenced the margin cadence. I think the prior guide was for a step up in the back half. I'm assuming the new guide is largely a function of this kind of preloading effect, but maybe you can just break down that change in the margin guidance and the implied back half cadence in North America, that would be great. Thanks.

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**Marc Robert Bitzer**

*Chairman & Chief Executive Officer, Whirlpool Corp.*

A

Yeah. So, Michael, first of all, what you described is spot on. Yes, ultimately, the adjustment of the guidance is a direct reflection of continued delay for tariffs. Nothing has changed in fundamentals. We will be a net winner for tariffs. We introduced a large amount of new products ever. And in the mid to long-term, we will win in the housing environment. So that has not changed. It's just all the positive effects from these three catalysts are delayed or slightly delayed. And of course, that is a drag on our margins.

Certainly in Q3 and Q4, we got to see. And that's why you also have seen it, we've given, what I would call, an unusual wide range of outcomes in the guidance. That's exactly because we can't right now foresee how rational the competitors will behave based on these tariff costs. And I think even though Q3 is pretty – I mean, we have a pretty good sense about where it's coming out, but the tell sign will be really – I mean, what do we see in the market in September, October and how Q4 turns out.

But again, I want to reemphasize, it's a delay. It's not a change of a fundamental investment story. The three reasons which I mentioned earlier, I strongly more passionately than ever before believe in them. And there are three fundamental critical catalysts for our growth in North America, but, unfortunately, where it delayed more than we had originally in mind.

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**James W. Peters**

*Executive Vice President & Chief Financial and Administrative Officer, Whirlpool Corp.*

A

Yeah. And just to add to that, Michael, I think, obviously, as we've talked about with the additional imported inventory, it obviously has had an impact on the promotional environment, but also what that's impacted from our volume perspective is the leverage we get in our factories. And again, as that eventually makes its way through the system and subsidies, it allows us then to get better leverage in our factories. I'd say, today, the cost actions we're taking, we're seeing the benefits of, we're seeing benefits of many of the pricing actions we've taken. But again, we're operating in an environment where the volumes are just under pressure with all the product that's been imported into the US recently.

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**Operator:** Your next question comes from the line of Susan Maklari from Goldman Sachs. Your line is open.

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**Susan Maklari**

*Analyst, Goldman Sachs & Co. LLC*

Q

Thank you. Good morning, everyone.

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**Marc Robert Bitzer**

*Chairman & Chief Executive Officer, Whirlpool Corp.*

A

Good morning.

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**James W. Peters**

*Executive Vice President & Chief Financial and Administrative Officer, Whirlpool Corp.*

A

Good morning, Susan.

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**Susan Maklari**

*Analyst, Goldman Sachs & Co. LLC*

Q

Good morning. My first question is, looking at the SDA business, which had some really nice performance this quarter despite all the headwinds that you're facing there. Can you talk a bit about what has driven that? And how you're thinking about the back half performance there, especially in terms of that segment margin?

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**Marc Robert Bitzer**

*Chairman & Chief Executive Officer, Whirlpool Corp.*

A

Yeah. Susan, it's Marc. So, I mean, first off, obviously, we're very pleased with the SDA performance year-to-date. They had a very strong Q1. They had a very strong Q2. And right now, it looks like they will also have a very strong Q3. So we feel very good about it. We have good momentum in the business. But two fundamental drivers are twofold. One is, we're really benefiting from a new product, which we talked quite a bit here about Q4 last year in Q1, be it coffee makers, be it the rice and grain cooker, be it the portable appliances. So we have really, really good momentum coming from a new product. But frankly, even our, call it, bread-and-butter, stand mixer business is doing well despite a market which is not really growing. So with new colors, new accessories, new [ph] boards (00:40:46), I mean, it's a good business and will drive very strong product mix here.

The second part is, our direct-to-consumer business has been growing really nicely. So this is a, I would say, a business which is – because everybody knows the stand mixer and many other products, which is almost geared towards a direct consumer business. And we've seen very strong growth, in particular, in North America, but also in Europe where we already have a very significant portion of our business is direct-to-consumer business.

So these were the two fundamental catalysts for the strong first half. Now, the reason why we're still – it's the SDA nature, is SDA is very back half loaded, by definition. There is a significant amount of revenues just concentrated on Q3 and Q4, more so than in major's business. That's why, right now, I take these first two quarters with a smile and let's see how the rest turns out because we still know we still have a big mountain to climb just given the seasonality.

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**James W. Peters**

*Executive Vice President & Chief Financial and Administrative Officer, Whirlpool Corp.*

A

Yeah. I mean, I think, Susan, also, just the margins that we have in that business right now really speak to the strength of the brand and the products. And obviously, we're very excited about it. But they've also had an impact of tariffs, whether it's exporting to other countries outside the US stand mixers or products that they've brought in from Asia. And again, despite that, you look at that business and the margins are completely on track. So, again, I think that just goes back to tell you how strong that business really is.

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**Susan Maklari**

*Analyst, Goldman Sachs & Co. LLC*

Q

Yeah. Okay. That's very helpful color. And then, maybe turning to capital allocation and the decision to recommend the board reduce the dividend. Can you just talk about how you're thinking of shareholder returns in this environment, how that factors into your priorities and maybe the path from here as you do start to delever the balance sheet further?

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**James W. Peters**

*Executive Vice President & Chief Financial and Administrative Officer, Whirlpool Corp.*

A

Yeah. Yeah, Susan, I'll start off with that. And first off, we remain committed to return cash to shareholders and we remain committed to our dividend, and we also remain confident in our business. And I think that's critical to really say. And this – as you heard in the prepared remarks, this was a deliberate action. We didn't take this in terms of a short-term decision. We really looked at where we are, what our capital allocation priorities are, where we want to invest, that we want to continue to deleverage, but we also want to invest in our US business, because as you heard from Marc's comments, we really believe strongly in the US housing market and that there will be a recovery here.

And so part of what we had to do is we had to look at it not just the short term, but also what we want to invest for the long term. And we felt at this time that reducing the dividend down to \$3.60 on an annual basis is the right level. And that's also very comparable to where we were in a pre-COVID environment on similar type of – types of earnings.

So, we feel it's the right level of return and we want to continue to return cash to shareholders, but we also feel it fits best with where the business is right now and where our priorities are.

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**Marc Robert Bitzer**

*Chairman & Chief Executive Officer, Whirlpool Corp.*

A

And Susan, maybe just remarks from my perspective. Obviously, whenever you make the recommendation of a board to take the dividend back to pre-COVID level, it's not an easy decision. But ultimately, it comes down to we see a clear path to pre-COVID margins on the respective use. And that's what we're going to reflect it.

Keep in mind, the existing dividend was set at the peak of COVID. Right now, we don't see a short-term path to COVID type of peak margins.

But even more important, ultimately, it's a decision for – it's not because of the funding, as you heard from Jim before, we are well funded. And I'm very pleased that we have this \$1.2 billion funding behind us. It is ultimately about we want to create the financial capacity going forward. We're very confident about the business, but I want to have – frankly, I want to have capacity paying down debt. But frankly, also with the US market shaping up, the way we described it earlier, next year will be very attractive to invest in the US, and we just want to create the capacity on our balance sheet. That is ultimately the key driver of the decision.

**Operator:** Your next question comes from the line of Rafe Jadrosich from Bank of America. Your line is open.

**Rafe Jadrosich**

*Analyst, BofA Securities, Inc.*

Q

Hi. Good morning. Thanks for taking my question.

**Marc Robert Bitzer**

*Chairman & Chief Executive Officer, Whirlpool Corp.*

A

Good morning, Rafe.

**James W. Peters**

*Executive Vice President & Chief Financial and Administrative Officer, Whirlpool Corp.*

A

Good morning, Rafe.

**Rafe Jadrosich**

*Analyst, BofA Securities, Inc.*

Q

Can you talk about the sellout that you saw in North America MDA in the second quarter and 3Q today, and maybe talk about Whirlpool versus the broader industry?

**Marc Robert Bitzer**

*Chairman & Chief Executive Officer, Whirlpool Corp.*

A

Yeah. It's Marc. So let me just – and of course, Rafe, as you know, there is no one data source on sellout. We have sellout data from our customers and we have a pretty good sense for our balance of sale. That's how we try to calibrate it.

In Q2, I would describe the sellout to be at best flat, but it's probably more like minus 2%, minus 3%. We, in particular, we lost some share in April, May, when we went ahead of promotional price adjustments probably ahead of our competitors, and we picked it up a little bit more towards the end of the quarter.

Coming into July, we feel pretty good about where we are. The sellout in July, and again, it's too early to say, so far is a positive one for us. We don't know exactly what the rest of the competition sits. But right now, it's in a

market where – certainly, from a volume perspective, it's probably best to still assume 0% to minus 3%. And that's how we also adjusted the industry guidance.

There's one big caveat. Keep in mind, the market may look reasonably okay from a unit perspective, the mix in the market is not a healthy one. It's very strongly a replacement-driven demand and the consumer sentiment just weighs on the health of a mix of a product. And that's why it's so critical that we launch all these new products because that's the ultimate lever how, despite a negative market mix trend, we can make a difference with a mix in our new products.

But again, it's volume is one side, the mix which comes with the volume is just not where we want to have it. And that's ultimately a reflection of a broader consumer sentiment and the existing home sales, which are just very low.

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**Rafe Jadosich**

*Analyst, BofA Securities, Inc.*

Q

Thank you. That's helpful. And then, can you just give an update on the India sale in terms of, like, what the potential timing is, proceeds? Has the structure of it changed, is what you guys are exploring there?

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**James W. Peters**

*Executive Vice President & Chief Financial and Administrative Officer, Whirlpool Corp.*

A

Yeah. And Rafe, this is Jim. And I'd say, listen, from the last call till now, there's been no significant change. We still anticipate the proceeds to be in the \$550 million to \$600 million type of range. We still expect to close by or around the end of this year. We're in the middle of the process, and we continue to narrow down the number of participants in the process just as a normal process would work and work with those potential purchasers.

And so, right now, we believe it's on track and nothing's really changed. We just continue to execute the process. And hopefully, by the next call, we'll be able to give a further update around where that is and talking more about the possible closure.

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**Marc Robert Bitzer**

*Chairman & Chief Executive Officer, Whirlpool Corp.*

A

I think just one additional point is on this one. So, the change has been about the expected closing of a transaction. So the transaction as such, we're highly confident and that it will materialize. Right now, in the updated guidance, we assume that the close would likely not technically happen in 2025, but will fall into 2026, but we expect kind of getting clarity on the transaction a lot earlier.

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**Operator:** Your next question comes from the line of Eric Bosshard from Cleveland Research. Your line is open.

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**Eric Bosshard**

*Analyst, Cleveland Research Co. LLC*

Q

Thanks. Two things, if I could. The first one, in the deck, you include a data point where the impact of tariffs you expect to offset with, I think, mostly price. I'm curious what you're seeing so far that gives you confidence that you'll be able to get in the level of price that you're outlining to offset those tariffs.

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**Marc Robert Bitzer**

*Chairman & Chief Executive Officer, Whirlpool Corp.*

A

Yeah. So, Eric, so basically, we largely already implemented the necessary pricing action with our promotional price increase and some list price increases in Q2. That's what I was referring to earlier. So what needed to be done to offset the tariffs we technically put in place.

Right now, it is somewhat masked by positive impact because we lost some mix in Q2. The mix has been very unhealthy. So you have two offsetting items. One, we see a positive impact from all the actions which we've done on promotional price adjustments and list price increases, and the negative is a little bit of the downside mix.

But again, in terms of the actions need to be done, we largely factored in and basically executed or are executing what needs to be done in Q2. And – but again, this is also in the context of still a globally uncertain final tariff outcome. So, this does not mean that we might not have taken action down the road, but, right now, we feel good about where we are from pricing actions.

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**James W. Peters**

*Executive Vice President & Chief Financial and Administrative Officer, Whirlpool Corp.*

A

Yeah. I think, though, on top of that, too, is to highlight is it's not just pricing that we're taking to offset that. We're taking cost actions. We're looking at supply sourcing and other things. And again, we're going back to our suppliers with an expectation to be able to find solutions to these increased tariff costs.

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**Eric Bosshard**

*Analyst, Cleveland Research Co. LLC*

Q

Okay. And then, secondly, I understand there, you've talked a lot about the noise of preloading and the impact that has. I guess, excluding the impact of tariffs, which seems like it's not really in place right now, your North American share is contracting. And so, I guess, the protection of the tariffs is coming. But excluding that or in advance of that, why is your share not performing better or why is your share performing like it is?

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**Marc Robert Bitzer**

*Chairman & Chief Executive Officer, Whirlpool Corp.*

A

Yeah. So, Eric, first of all, as I alluded to earlier, we lost in Q2 in April, May, some share. Just to put in context, that's less than 1 point of share which we lost, okay? And end of June, we kind of rebalance and we're stabilizing. So – but of course, no, we absolutely do not want to lose share and we will not lose share on a full year basis, period. Okay?

So, we're very confident that largely the confidence also comes not only because of tariffs, because of all the new products. So we feel very good about the tools which we have in place. But of course, by definition, you have a huge amount of preloaded inventory, which puts a lot of promotional pressure. As we said before, we will not participate in any – on every promotion. And there have been a number of promotions out there. So there is no question in my mind that did not create value for the retailer or the respective competitor, period. Okay? And we will not participate in that.

So, if somebody wins a little bit of temporary share, I look at more like – for a lack of better expression, I look at more, yeah, but built on quicksand. I don't need quicksand. We need structural market share, which comes with good and healthy brands and products. And that's what we focus on.

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**Operator:** Your next question comes from the line of Michael Rehaut from JPMorgan. Your line is open.

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**Alexander Isaac**

*Analyst, JPMorgan Securities LLC*



Hi. Good morning. This is Alex Isaac on from Mike. Thanks for taking my questions. First thing, on the demand side, with the revision downward of your demand expectations, can you sort of give some more granular details into what's driving those across regions? And how should we see this trending into the rest of the year and into 2026? Do you feel that this would be more transitory or just more longer-term demand headwinds?

**Marc Robert Bitzer**

*Chairman & Chief Executive Officer, Whirlpool Corp.*



Yeah. Alex, our revision on the industry guidance, which [ph] I view it as different reasons (00:52:49). I would say, in North America, it's largely driven by consumer sentiment. And you look at any data source out there, consumer sentiment is just not in a good place. Consumers, like investors, don't like uncertainty, unpredictability and various possible outcomes. And that is right now weighing heavily on consumer mind. The good thing is, and that's why this could change is we've seen in other periods, consumer sentiment moves a lot faster than many other dynamics. Consumer sentiment can move in 2 or 3 months significantly.

So a lot will depend on the macro news, which people will see. We should not lose sight of consumers sit on a lot of home equity. So that's a fact. The home equity, which still makes up a lot of consumer wealth, is in a good state. So consumers would have the wealth and the equity to invest more in the home. But right now, we're holding a little bit back. And again, I'm not trying to be overly optimistic, but these things change faster than many other macroeconomic elements.

The other region is slightly different. I think within – in Latin America, we've seen a more broader slowdown in the economy, both in Brazil, but to some extent, in Mexico. So that is not just consumers. I mean, it's just a broader slowdown. Not a bad environment. It's just slowing down.

And Asia, to Jim's earlier point, particularly India is so much driven by the seasonal patterns of weather. And you had last year very strong Q2, I mean, from a pure weather perspective. And this year, it turned out very differently. And that's why we're kind of a little bit cautious more on the Asia outlook. It's – so it's more completely different dynamics. It's just – I know it sounds trivial, but it's weather-related and how hot it gets. That has a big impact on that outlook.

Small domestic appliances are a little bit on their own in terms of a macroeconomic perspective. I would say in general terms, more than any other category are strongly driven by consumer sentiment. And because it's ultimately – yes, there's some replacement demand, but it's a very strongly discretionary demand-driven cycle. And here, we also – we're a little bit more cautious, but also here, the same applies what I said before earlier. The big seasonal SDA is coming and it will be very important to see how the consumer sentiment does around September, October timeline because that will shape the industry perspective to a very large extent.

**Alexander Isaac**

*Analyst, JPMorgan Securities LLC*



Thanks. I appreciate all the color on that. To dig in on SBA, I was just wanted to know if you can share some more details on direct-to-consumer and what percentage of that made up of SDA? And then also, how the margin profile varies between direct-to-consumer sales versus the overall segment?

**Marc Robert Bitzer**

*Chairman & Chief Executive Officer, Whirlpool Corp.*



Yeah. So, Alex, we typically don't publish or communicate the details of a D2C business versus rest, but let me help you calibrate a little bit. It's – as a company, our direct-to-consumer business is in the mid- to high single digits, but with big differences across the different segments. By a long shot, the highest direct-to-consumer business we have in our Latin America business and small domestic appliances. So you should ballpark getting probably close to a quarter of a business. So it's very healthy.

It will never replace our business with good and established retailers. But frankly, we know there's a segment of consumers who just like to buy directly from a manufacturer. And so this is not in competition to our retailers. We respect our retailers. We need our retailers. It is a complement and a supplement, in particular, on the products where most people know stand mixer. So it's perfect for this one.

The margin structure is not completely different, but let me put it, it's an attractive business for us. Largely also, yes, it comes, by definition, with a higher revenue base and is still pretty [ph] held up (00:56:44) in margin level. As you all understand the mechanics of a direct-to-consumer business, you have quite a bit of fixed cost, which comes with consumer search and buying from search. So a higher revenue base, the more profitable it becomes.

**Operator:** Your final question comes from the line of Josh Wilson from Raymond James. Your line is open.

**Joshua Wilson**

*Analyst, Raymond James & Associates, Inc.*

Q

Good morning. Filling in for Sam Darkatsh. Thanks for taking my questions and squeezing me in.

**Marc Robert Bitzer**

*Chairman & Chief Executive Officer, Whirlpool Corp.*

A

Good morning, Josh.

**James W. Peters**

*Executive Vice President & Chief Financial and Administrative Officer, Whirlpool Corp.*

A

Good morning.

**Joshua Wilson**

*Analyst, Raymond James & Associates, Inc.*

Q

For my first question, could you talk a little more about your assumptions for North American market share and how that's changed from a quarter ago? I know you were expecting to gain share in the second half. But now with the delays in channel inventory headwinds, does that mean like flattish share in the third quarter and bigger gains in the fourth quarter? Or how are you calibrating the cadence there?

**Marc Robert Bitzer**

*Chairman & Chief Executive Officer, Whirlpool Corp.*

A

Josh, in general terms, we expect the same, i.e., we expect a healthy share level in the second half, driven largely by the new product introductions. And keep in mind, every quarter, we have more products, new products being floored.

The second point is, as I mentioned earlier, we took the necessary pricing action promotion levels in Q2. Some competitors didn't do it. They will have to catch up at one point to deal with the cost. And I think that will create

more a level playing field and allows us to kind of pick up some market share. So we feel good about our plans for second half market share, and we have no intention whatsoever to concede market share easily.

**Joshua Wilson**

*Analyst, Raymond James & Associates, Inc.*

Q

And then, as it relates to the dividend change, could you talk about what has changed either in your plans or the environment that catalyzed you to make the decision now versus 3, 6 months ago?

**James W. Peters**

*Executive Vice President & Chief Financial and Administrative Officer, Whirlpool Corp.*

A

Yeah. And this is Jim. And I would say, Josh, again, probably 3, 6 months ago, we really looked at the environment. We said there was a lot to it that we still wanted to see and understand better. We wanted to see how the tariffs rolled out. We wanted to see the impact it would have on volumes. Again, as I said, we remain confident in the business, we remain committed to the dividend, but we just thought it was very prudent to really understand the environment better and then kind of make the right appropriate deliberate capital allocation decision.

And so again, as we said, this is as much about us looking at wanting to increase the capacity within our balance sheet, but also to create the ability to invest further in our US manufacturing footprint because we really do believe, based on what Marc said earlier on the actions that the administration is taking, this can set us up to win. And so we wanted to create that additional capacity, and we felt this was the right time.

**Marc Robert Bitzer**

*Chairman & Chief Executive Officer, Whirlpool Corp.*

I think the fact we come to the end of the Q&A session, first of all, I want to thank you all for joining us today. I mean, obviously, you heard a lot of details today. I think the important thing really as a key takeaway is, of course, a company like ours, we don't take in adjustments of our guidance easily. I'm the first one to admit it. At the same time, hopefully, you heard also that we are very confident, and nothing has changed about the investment thesis. And it's not just relying on the fact that we will be net winners of the tariff environment. It is largely coming from the confidence of feedback we get on our new products, and nothing has changed in our mid- to long-term perspective on the housing market.

So if you want to say, so the investment thesis is as strong as ever, but we felt it appropriate and prudent to adjust the guidance to reflect the delays of certain effects, which positively impact our business.

So with that, again, thank you, all, and we will talk to each other during the next earnings call. Thanks a lot.

**Operator:** Ladies and gentlemen, that concludes today's conference call. You may now disconnect.

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