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# Whirlpool Corp. (WHR)

Q4 2025 Earnings Call

## CORPORATE PARTICIPANTS

**Marc Robert Bitzer**

*Chairman & Chief Executive Officer, Whirlpool Corp.*

**Roxanne Warner**

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

**Juan Carlos Puenta**

*Executive President, NAR and Global Strategic Sourcing, Whirlpool Corp.*

**Ludovic Beauflis**

*Executive President, KitchenAid Small Appliances, LAR, Global Information Technology, and Design, Whirlpool Corp.*

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## OTHER PARTICIPANTS

**David S. MacGregor**

*Analyst, Longbow Research LLC*

**Michael Rehaut**

*Analyst, JPMorgan Securities LLC*

**Michael Dahl**

*Analyst, RBC Capital Markets LLC*

**Rafe Jadrosich**

*Analyst, BofA Securities, Inc.*

**W. Andrew Carter**

*Analyst, Stifel Financial Corp.*

**Eric Bosshard**

*Analyst, Cleveland Research Co. LLC*

**Sam J. Darkatsh**

*Analyst, Raymond James & Associates, Inc.*

**Charles Perron-Piche**

*Analyst, Goldman Sachs & Co. LLC*

**Jeffrey Patrick Stevenson**

*Analyst, Loop Capital Markets LLC*

## MANAGEMENT DISCUSSION SECTION

**Operator:** Good morning, and welcome to Whirlpool Corporation's Fourth Quarter 2025 Earnings Call. Today's call is being recorded.

Joining me today are Marc Bitzer, our Chairman and Chief Executive Officer, Roxanne Warner, our Chief Financial Officer, Juan Carlos Puente, our Executive President of North America and Global Strategic Sourcing, and Ludovic Beaufils, our Executive President of KitchenAid Small Appliances in Latin America.

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 the 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 non-GAAP measures outlined in further detail at the beginning of our 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 in our ongoing business operations.

Listeners are directed to the supplemental information package posted on the Investor Relations section of our website for the reconciliations 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 analyst questions. As a reminder, we ask that participants ask no more than two questions.

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

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### Marc Robert Bitzer

*Chairman & Chief Executive Officer, Whirlpool Corp.*

Thanks, Scott, and good morning, everyone. Today we're going to discuss our 2025 results and share our expectations for 2026. Before we dive in, I would like to acknowledge three leadership promotions we have recently made.

By their new faces, or rather new voices on this call, may together represent over 70 years of experience within Whirlpool. Each one of them brings deep operational, strategic, and financial experience to a new role. So let me start by handing it over to Roxanne to introduce herself.

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### Roxanne Warner

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

Thanks, Marc, and good morning, everyone. I am honored to step into the role of Chief Financial Officer of Whirlpool Corporation. Having spent the last 18 years at Whirlpool, I have a deep appreciation for our operations and a firm commitment to driving long-term shareholder value.

Prior to my current role, I served as Executive Vice President Finance and Corporate Controller. In 2021, I was the Chief Financial Officer of our European segment, where I led both finance and integrated supply chain operations and supported the organization through our European divestiture.

Joining Whirlpool in 2008, I have had the privilege of holding numerous roles across cost management, commercial, and corporate finance, including leading the finance functions of our US laundry and US sales organization in North America. In 2019, I had the honor of leading Investor Relations, where I connected with both our investors and analysts. I look forward to reestablishing those connections and creating new ones. I'm excited to work alongside the leadership team and our employees to deliver our next chapter of growth.

Now, I will turn it over to Juan Carlos.

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## Juan Carlos Puente

*Executive President, NAR and Global Strategic Sourcing, Whirlpool Corp.*

Thanks, Roxanne, and good morning, everybody. It's a privilege to be speaking with you today as I start my new role leading MDA North America and Global Strategic Sourcing. I joined Whirlpool as an intern in 1996, and I have spent the last 30 years in almost all functions and regions of the corporation.

While my recent years were spent abroad, I have been in North America before, where I previously led our laundry business unit, the core of our product portfolio, as well as serve as general manager for a business with Home Depot.

Having held this role before, I know that winning in North America requires continuing to strengthen our brand and product portfolio, enhance our customer relationships, as well as our world-class supply chain to fulfill our purpose of improving life at home. I'm very excited to return to the MDA North America business. I'm looking forward to building on our powerful foundation and creating value for our stakeholders.

Now, I'll hand the call to Ludo.

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## Ludovic Beaufils

*Executive President, KitchenAid Small Appliances, LAR, Global Information Technology, and Design, Whirlpool Corp.*

Thanks, Juan Carlos, and good morning, everyone. Expanding my role beyond KitchenAid Small Appliances to our MDA Latin America business is an exciting opportunity. It's an opportunity to drive growth for both an iconic global premium brand and now iconic local brands such as Brastemp in one of our most dynamic, high-growth segments.

I have spent the better part of my 20-year career with Whirlpool developing our products and brands from inception to industrialization and to commercialization. I went from leading critical categories in EMEA and in the US to driving our product marketing organization in North America.

These roles, combined with my more recent position in the global product organization and my current responsibilities with KitchenAid, have given me a unique vantage point on how to drive innovation and cost competitiveness to win in every channel and every market. I look forward to this tremendous opportunity to accelerate growth for our company.

Now, I'll turn the call back over to Marc to provide an overview of our 2025 results.

## Marc Robert Bitzer

*Chairman & Chief Executive Officer, Whirlpool Corp.*

Thanks, Ludo. I'm very excited about these leadership appointments and have every confidence that we have the right team in place to continue to execute on our strategic priorities. As you're well aware, 2025 marked a difficult year with unforeseen challenges in particular for our North American business.

There are two particular challenges that our business faced. One, tariffs. As domestic producers, we will ultimately benefit from the tariffs that were put in place. There's no question in my mind. However, in 2025, we absorbed roughly \$300 million of tariffs, largely for components and some finished products, while the industry did not yet move on pricing.

This might be surprising given that our competitors are 2 to 4 times more exposed to tariffs than we are, but the significant amount of inventory preloading ahead of the tariffs and the uncertainty of a tariff framework might explain the delay of industry price moves. The good news is that we observed a meaningful change of industry pricing and promotions after mid-December into the MLK holiday and the upcoming President's Day.

Two, housing. As we discussed in prior calls, existing home sales are the most important driver for appliance demand, and in particular for discretionary demand, which inherently is more margin attractive.

However, the mortgage lock-in effect, coupled with lower consumer confidence, has led to a 30-year low of existing home sales. But there's no doubt about an eventual multi-year housing recovery, 2025 did not yet unlock the housing sector.

With these macro challenges in mind, we delivered results largely in line with prior year. Our global organic revenues were essentially flat, and we're pleased with the MDA North America market share gains during the second half of 2025. Our operating margins were slightly below 5%, largely driven by the intense promotion environment in North America during Q3, and in particular Q4.

We delivered cost takeout actions of \$200 million, but with the absence of industry pricing, they were not enough to mitigate the cost of tariffs. Lastly, our Latin America business had yet another strong year while our KitchenAid SDA business delivered outstanding double-digit growth rates with mid-teen operating margins.

With 2025 number rear mirror and despite the extreme macro volatility we experienced, we're confident about 2026. First of all, we believe we will be able to sustain the strong trajectory of our KitchenAid SDA and our Latin America business. For North America, there are a number of catalysts to drive margin improvements.

First, we already identified more than \$150 million of cost actions primarily focused in North America. This will allow us to largely offset the remainder of the tariff headwinds. Second, we launched a record number of new products last year. These new product launches have been hugely successful with expanded floor space and incremental share gains.

Third, the industry's promotion intensity has clearly normalized over the past six weeks. We have already announced and implemented promotional pricing changes as well. Lastly, while the new housing starts will likely still be slow, we do see a potential fast improvement of existing home sales on the back of lower mortgage rates. However, as you will hear later during our guidance discussion, we have not yet factored in any discretionary demand upside.

With this, let me hand it over to Roxanne who will discuss the 2025 results in more detail.

## Roxanne Warner

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

Thanks, Marc. Turning to slide 6, I will provide an overview of our full year results. As Marc mentioned, our global organic revenue was flat to prior year, and we delivered significant cost takeout to help mitigate the incremental cost of tariffs. We did not see the industry pricing adjustments to offset these incremental tariff costs in 2025 and the prolonged intense promotional environment unfavorably impacted our margins.

Ultimately, we delivered a full year ongoing EBIT margin of 4.7% and a full year ongoing earnings per share of \$6.23. Given the challenging operational environment in 2025, these results are proof of our resilience and commitment to focus on what we control. We generated \$78 million of free cash flow, which was unfavorably impacted by the timing of tariff payments and higher inventory necessary to support our new products.

In November, we executed the previously announced India share sale transaction, which resulted in a reduction of our majority stake from 51% to a minority stake of 40%. The proceeds were utilized to pay down debt in line with our capital allocation priorities. We are pleased with the result of this transaction and our retained position.

We will continue to evaluate all options to further reduce our debt throughout 2026, in line with our guidance and capital allocation priorities. We continue to fund a healthy dividend, returning approximately \$300 million to shareholders in 2025.

Turning to slide 7, I will provide an overview of our fourth quarter and full year results for our business segments, starting with MDA North America. On a full year basis, net sales, excluding currency, was largely flat year-over-year. We saw continued strong share gains throughout the fourth quarter, driven by the momentum of our new product launches. Promotional activity remained intense as industry pricing did not reflect the cost of tariffs, which impacted margins.

As a result, the segment delivered an EBIT margin of 2.8% in the fourth quarter and a full year EBIT margin of approximately 5%. Looking ahead, given the industry's pricing changes over the last six weeks, we expect a less promotional environment. In December, we saw a shortening of the Post Black Friday promotional period; and in January, we saw a decrease in the depth of the promotional pricing for the MLK holiday.

Based on these data points, we expect a less promotional environment during President's Day. We have already announced and implemented promotional pricing changes that went into effect in early January. We expect these actions to put MDA North America back on track for margin expansion in 2026, which we will discuss in detail shortly.

Moving to our MDA Latin America business. On a full year basis, net sales, excluding currency, declined approximately 2% year-over-year due to volume decline. In the fourth quarter, we continue to see economic instability in Argentina and an aggressive promotional environment in Brazil, which negatively impacted revenue and margins. These unfavorable results were offset by a favorable operational tax benefit related to the [ph] default (00:13:08) legal ruling. As a result, the segment delivered a full year EBIT margin of 6.2%.

Next, I will review the results for our MDA Asia business. On a full year basis, excluding the impacts of the India transaction and currency, net sales increased approximately 1% year-over-year. The segment delivered a full year EBIT margin of approximately 5% with 120 basis points of expansion year-over-year. The India transaction resulted in margin accretion of approximately 40 basis points, while the remaining benefit was driven by a favorable cost takeout. As a result of the deconsolidation of India, we will not report Asia as a stand-alone segment moving forward.

Turning to our SDA Global business. SDA Global continues to perform very well, achieving impressive net sales growth of approximately 10% year-over-year in the fourth quarter and approximately 9% on a full year basis, driven by new product launches and strong direct-to-consumer business. Fourth quarter EBIT margins expanded 130 basis points year-over-year as a result of favorable price/mix. For the full year, the segment delivered a strong EBIT margin of 16% with 170 basis points of margin expansion year-over-year.

Now, I will turn the call over to Juan Carlos and Ludo to review how Whirlpool's investment thesis is as strong as ever.

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## Juan Carlos Puente

*Executive President, NAR and Global Strategic Sourcing, Whirlpool Corp.*

Thanks, Roxanne. Turning to slide 9, I will cover how our MDA North America is well positioned to further organic growth and margin expansion. Our structural drivers for value creation in North America are stronger than ever. The first driver is our strong lineup of new products.

As Marc mentioned earlier, in 2025, we transitioned over 30% of our product portfolio to new products, and we're seeing a very strong response from both our trade customers and consumers. These new products gained significant more floor space and their predecessors within the key retailers, resulting in share gains as we exit the year, and we have more innovation coming in 2026.

Second driver is our unique position as a domestic manufacturer in the tariff environment. Our US manufacturing legacy started over 110 years ago and we never left. We produce more of our appliances in the US than any of our industry peers who in contrast, only produce approximately 25% of what they sell in the US in the US.

Our US factories use approximately 96% American steel and work with thousands of US suppliers. We operate some of the largest appliance plants in the world, and we continue to make investments to strengthen our domestic position. The tariffs imposed by the current administration aim to support US manufacturers like Whirlpool, and we're starting to see positive signs suggesting that the tariffs will become a tailwind.

As Roxanne mentioned, we have also observed a less promotional MDA industry throughout January in comparison to the same period in previous years. This suggests that the tariff costs for importers are beginning to impact their business, and therefore, the elevated promotions we saw last year are proving to be unsustainable in the long term. The last driver is the state of the US housing market, which I will cover in the following slide.

Turning to slide 10, the historical data both for existing and new home sales clearly signals a multiyear recovery is on the horizon. Looking at existing homes over the last 40 years, whenever we observe a multiyear sales trough, like the one we saw since 2022, a recovery has followed. The lack of recovery has created pent-up demand in the market.

Existing home sales are highly correlated with the discretionary demand in home appliances, which as a result, has also been suppressed. On new home construction, the fundamentals are also favorable and include decades of long undersupply of new homes since The Great Financial Crisis, coupled with the highest aging stock of existing homes in the US, which now has a medium age over 40 years old.

Finally, while affordability concerns remain, the US government has made housing affordability a clear priority to address, which only strengthens our prospects of a recovery. In this context and given our strong competitive

advantage in the builder's segment, there is simply no company better positioned to benefit from the multiyear housing recovery.

Turning to slide 11, let me highlight one of the many new products we are launching this quarter that will continue to support our product leadership. Our new Whirlpool laundry tower allows the consumer to save space while having easy access controls. Featuring the new FreshFlow Vent System and an industry-first UV Clean technology, this product reduces bacteria in the wash without requiring high temperatures that compromise your fabrics.

Now, let me turn it over to Ludo to review the MDA Latin America and SDA Global business.

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## Ludovic Beaufils

*Executive President, KitchenAid Small Appliances, LAR, Global Information Technology, and Design, Whirlpool Corp.*

Thanks, Juan Carlos. Turning to slide 12, let me explain why we believe the MDA Latin America business is uniquely positioned to grow. MDA Latin America has enormous growth potential given the low market penetration of appliances in the industry's compound annual growth rate projections of approximately 4% to 5%. Our MDA business in Latin America has a sustained track record of value creation rooted in the strength of our products and brands and is ideally positioned to take advantage of this industry growth.

We hold the number one share position in the region, supported by our strong historical presence in Brazil with the Brastemp and Consul brands. These are leading brands in consumer preference that have held this position for decades and as a result, they're present in more than half our Brazilian homes. Whirlpool brand also holds the number one position in terms of preference in the second largest market in Latin America, Mexico, and in many other smaller markets around the region.

We have built an exceptionally strong infrastructure across the region. We have a well-established supply base, some of the largest plants in the world, great distribution and service network in a direct-to-consumer channel representing approximately 20% of our sales. We are, therefore, incredibly well positioned to continue to grow profitably in this very large region.

Turning to slide 13, let me introduce one of the tools to drive that growth in 2026, a new lineup of refrigerators coming to the Brazilian market this quarter. Brastemp, our premium home appliance brand in Brazil, is launching a new portfolio of products in two of the most critical categories in the market, top mount and bottom mount refrigerators.

These new refrigerators offer increased capacity, improved energy efficiency and bring a refreshed aesthetic to consumers' kitchen. They are poised to do very, very well in the market starting this quarter.

Turning to slide 14, I will review how well positioned the SDA Global businesses for continued profitable growth. As you already know, KitchenAid is an iconic brand known for its high-quality, craftsmanship and performance as well as superior design. It is the number one mixer brand in the world and with over 75% of the products we sell in the US being produced in the US, it holds a strong competitive advantage in an industry that is almost entirely reliant on imports.

Across the globe, we have successfully developed strong trade relationships and more recently, have significantly expanded our online presence which now represents over 20% of our sales and continues to grow at an accelerated pace. Outside of the stand mixer, we're starting to drive tremendous growth in adjacent categories such as espresso, blenders, cordless appliances and other food preparation segments.

We are leveraging KitchenAid's strong brand preference, our industry expertise and our established infrastructure to drive profitable growth in these categories, and we're successfully reinvesting the proceeds of that growth into further growth acceleration, while maintaining highly accretive margins.

Turning to slide 15, let me preview the exciting innovation coming to the SDA Global business this quarter. First, our KitchenAid compact grain and rice cooker. This tankless version of our popular grain and rice cooker now features precise pour technology, which automatically measures liquid as it is added based on your preferred texture and simmers rice and all kinds of grains to perfection.

Next, our KitchenAid Artisan Plus stand mixer. This new stand maker will bring the biggest advancements to the KitchenAid tilt-head mixer since 1955. This product is sure to be a hit to enthusiasts around the world, so stay tuned for the big reveal coming this March.

Now, I will turn the call back over to Marc to review our expectations for 2026.

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## Marc Robert Bitzer

*Chairman & Chief Executive Officer, Whirlpool Corp.*

Thanks, Ludo. Turning to slide 17, I will review our guidance for 2026. Given the recently executed transaction to reduce our majority stake in India, we have provided a reset baseline for our long-term targets in 2025 results. These targets reflect our business performance expectations during a mid-cycle, which will be after housing recovery has started, but before it reaches the peak.

On a like-for-like basis, we expect revenue growth of approximately 5% in 2026. Our new product launches are expected to deliver growth in MDA North America, and we expect continued strength in our SDA Global and international businesses.

On a like-for-like basis, we expect 80 basis points to 110 basis points of ongoing EBIT margin expansion to 2026, EBIT margin of approximately 5.5% to 5.8%. Free cash flow is expected to deliver \$400 million to \$500 million or approximately 3% of net sales driven by improved earnings and significant inventory optimization.

We expect full year ongoing earnings per share of approximately \$7. This includes an adjusted effective tax rate of approximately 25%, which is an increase compared to 2025 and impacts 2026 ongoing earnings per share by approximately \$2.

Turning to slide 18, we show the assumptions supporting our 2026 ongoing EBIT margin guidance. We expect a positive price/mix impact of 175 basis points from our recent and future new product launches and benefit from our previously announced pricing actions in a reduced promotional environment. While we have seen interest rates beginning to ease, we do not expect a material catalyst for new home sales in early 2026.

As mentioned before, we do see the potential for a faster recovery of existing home sales and vast discretionary demand, but at this point, we're not factoring this into our guidance. We will drive further actions to optimize our cost structure and expect 100 basis points of net cost benefit from more than \$150 million of cost takeout actions.

Based on having long-term steel agreements in place, we expect minimal to no impact on EBIT margin from raw materials this year. We expect approximately 125 basis points of negative impact from the tariffs announced in 2025, that will be concentrated in the first half of 2026. It is important to note that these impacts represent currently announced tariffs and do not factor in any future potential changes in trade policy.

With approximately 100 new product launching this year, we plan to increase investments in marketing technology which will impact margin by approximately 50 basis points. Currency and transaction impacts are both expected to have minimal impact to EBIT margin this year.

Turning to slide 19, I will review our segment guidance. Starting with industry demand, we expect the global industry to be approximately flat in 2025. In the US, we expect similar demand trends to what we saw throughout 2025 with an emphasis on replacement demand. Strong replacement demand creates a solid foundation for industry volumes while consumer discretionary demand is still significantly below long-term averages.

Again, this might change as a result of faster growth of existing home sales, thus providing upside to our demand forecast. We expect the MDA Latin America industry to be up slightly between 0% and 3%.

Finally, we expect the SDA Global industry to be approximately flat with our growth driven by new products and continued investments in our direct-to-consumer business. For MDA North America, we expect to deliver a full year EBIT margin of approximately 6%. Previously announced pricing actions are expected to positively impact the full year margin and additional cost actions are expected to be delivered throughout the year.

For MDA Latin America, we expect a solid EBIT margin of approximately 7%, driven by new product launches and continued cost takeout. And for SDA Global, we expect a strong EBIT margin of approximately 15.5%, driven by sustained momentum from new products.

Turning to slide 20, let me review the actions we are taking to deliver price/mix expansion. Firstly, as mentioned, we've seen a less promotional environment in MLK and President's Day. This is an encouraging indicator that our competitors are not experiencing the full cost of tariffs. We first saw positive signs with the end of a Black Friday promotion period. While in prior years, retailers and competitors extended Black Friday prices well into January, we observed meaningful pricing moves immediately after Black Friday, probably an indication of preloaded inventories finally being sold through.

Given these broader industry dynamics, we're confident in the 2026 pricing actions we previously announced. Secondly, the incremental flooring gain by the new products launched in 2025 is largely installed. The flooring costs are behind us, and we should start to experience the full benefit of these new products. As a reminder, the new products that we launched in North America gained over 30% incremental flooring on a like-for-like basis.

Lastly, we're focused on continuing to expand our mass premium and premium product offering where we see consumer preference for our brands and the opportunity to drive differentiation. Our KitchenAid MDA launch in late 2025 is a perfect example of how we see an opportunity to elevate and position our brands for growth.

Turning to slide 21, you will see the actions we're taking to support our cost position and deliver over \$150 million of cost reduction in 2026. We are accelerating vertical integration and automation in our factories, leveraging some of our core competencies to improve quality and efficiency in manufacturing. In particular, the vertical integration will not only bring us cost savings, but will further strengthen the resilience of our supply chain.

We're taking steps to optimize our manufacturing and logistics footprint. And lastly, we're launching a strategic sourcing initiative to deliver the best landing costs for our components. We have had significant success in the past with activating the sourcing initiative and are excited to renew its effort in 2026.

Turning to slide 22. I will provide the drivers of our free cash flow guidance. I'm confident that we will improve free cash flow in 2026 and this is a key priority for us. We expect cash earnings of approximately \$800 million, driven by an improvement in our earnings. We expect approximately \$400 million of capital expenditures, as we continue to invest in our products and fund organic growth.

We plan to optimize our inventory and improve our working capital by approximately \$100 million to support cash generation in 2026. And we expect approximately \$50 million of restructuring cash outlays related to our manufacturing and logistics footprint optimization efforts. Overall, we expect to deliver free cash flow of \$400 million to \$500 million or approximately 3% of net sales.

Now, I will turn the call back over to Roxanne to review our capital allocation priorities for 2026.

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## Roxanne Warner

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

Thanks, Marc. Turning to slide 23, I will review our capital allocation priorities, which are consistent with what we shared in 2025. Funding our organic growth is critical to delivering innovative products that meet our consumers' needs. We will continue to invest in product innovation, digital transformation and cost efficiency projects with approximately \$400 million of capital expenditure expected this year.

Secondly, we are committed to reducing our debt levels. We expect to pay down at least \$400 million of debt in 2026, continuing our commitment to deleverage.

Thirdly, we are committed to returning cash to shareholders through funding a healthy dividend. We will continue to evaluate our dividend funding and ensure it aligns with our progress toward our long-term goals. As a reminder, the dividend is approved quarterly by the board of directors.

Turning to slide 24, let me summarize what you heard today. Despite navigating a year of significant external shocks led by the substantial cost increase of tariffs, our 2025 results were largely in line with the prior year. We maintained our track record of cost takeout and delivered substantial cost reduction of \$200 million to help offset the impact of tariff costs. We introduced a record number of new products, proving their early success through flooring expansion and share gains in the second half of 2025.

As we look forward into 2026, we have another strong pipeline of new products coming. With industry pricing expected to normalize and structural cost takeout actions yielding results, we expect margins and free cash flow to strengthen. We expect the SDA Global business to continue to be a bright spot with sustained momentum from new products resulting in significant year-over-year growth.

Lastly, we continue to be extremely well positioned to fully capture the benefits of the housing market recovery as it begins to turn in a favorable direction. I'm confident in our strategy and that our path forward will create shareholder 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, and Roxanne, it's good to speaking with you again.

**Marc Robert Bitzer**

*Chairman & Chief Executive Officer, Whirlpool Corp.*

A

Good morning, David.

**Roxanne Warner**

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

A

Hi, David.

**David S. MacGregor**

*Analyst, Longbow Research LLC*

Q

Good morning. I guess, Marc, I wanted to start by just unpacking the 2026 flat industry units number. And you referenced no expectations for increase in discretionary or [ph] build there (00:32:41), which would, I guess, imply a flat replacement demand outlook, but you also, at the same time, talked about seeing strength in replacement demand.

So I guess I just wanted to better understand that? And maybe within the context of that answer, you could just talk about the extent to which you're seeing pent-up demand as you had referenced? And then I have a follow-up.

**Marc Robert Bitzer**

*Chairman & Chief Executive Officer, Whirlpool Corp.*

A

Yes. So David, again, as you well know, there's two main components of replacement demand, discretionary demand. The replacement demand, what we base that is continues to stay on a very, very healthy structure level and that is still on the tail end of post-COVID, we saw a significant higher use of appliance, and that just drives a lot of healthy ongoing replacement demand.

As a reminder, as everybody knows, while we like that part of the business, it's not necessarily the most margin accretive part of the business. The discretionary side and just to be also very clear on the guidance, we have not factored in upside on the discretionary side. The discretionary side would have to largely come from increased remodeling activities and a particular faster or an uptick of existing home sales.

So that is not factored in, even though I think there is a certain chance that depending on what the mortgage rate environment will do that we will start a slow unfreezing of existing home sales. But again, as a reminder, it's not factored in, in our numbers, in our guidance, and as such, could potentially provide an upside. But again, let's just see how that year evolves. So far, as you look in the rear mirror in 2025 existing home sales were just on a very low level, and got stuck there pretty much.

**David S. MacGregor**

*Analyst, Longbow Research LLC*

Q

And you had mentioned pent-up demand. I guess just what your assessment is at this point where that stands? And then I have a follow-up.

**Marc Robert Bitzer**

*Chairman & Chief Executive Officer, Whirlpool Corp.*

A

I mean, I think, David, there's a very significant pent-up demand tied towards the housing. And I'm not going to repeat. But I think everybody knows. I mean the entire housing market is – in terms of new home sales is undersupplied in the tune of 3 million homes. Now that will not happen overnight, but it just means just the new homes will spell a multiyear uptick on demand.

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The other side is, and this is – and again, that could potentially materialize earlier, the discretionary side, which comes with remodeling or existing home sales, I think, could accelerate faster than the new homes. And there is significant potential out there, as you know, but the consumer has equity, equity in particular in the form of housing stock.

So the perceived equity the consumer has is there. It will take an uptick also in consumer sentiment to unleash that. That, in my view, could happen faster than the new home sites. But again, it's right now we're – as you all know, we're in a very uncertain global environment, and I would say if consumer sentiment changes, I think you could see an uptick already this year on the discretionary side, but certainly, it's just – it's only a question of when it's not if, there is a multiyear pent-up demand still waiting out there.

**David S. MacGregor**

*Analyst, Longbow Research LLC*

Q

Okay. Great. Thanks for that. And then second, as a follow-up, I guess, you've had a very substantial product refresh in 2025 and along with that, of course, comes elevated flooring costs. What's the benefit in 2026 from the relief on the flooring costs to North American market?

**Marc Robert Bitzer**

*Chairman & Chief Executive Officer, Whirlpool Corp.*

A

Yeah. David, you're highlighting a very important point. Just as a recap, and I think many of you listening understand but know that when you have a lot of new product introductions, and as we highlighted, in particular, in North America, we had the highest amount of product introductions in more than a decade, and it's been massive. You have, of course – it starts actually in the factories, you have phase in and phase out costs because, of course, you don't run a factory in the most efficient way. If you, at point, take down production and you ramp it up, you have inefficiencies in there.

You have inefficiencies in warehousing inventory because for some period, and you saw that also in Q4, you hold inventory pretty much on phase out and phase in. And then lastly, you have very significant flooring costs, which just come with flooring with products. Now ultimately, it's like a return on investment, you get your return on the flooring costs, but it all hit our P&L large in 2025. And in particular, in the back half, and I'm not trying to take that as an excuse, it's just there, and it's an investment against the future.

So as we turn the page into 2026, first of all, you have the absence of these introduction costs, which is an uplift. And second of all, now I have a full benefit of a higher flooring. We know because, of course, we get weekly sell-out numbers. We know when new products are not just floored, they're selling. So we're very pleased with the sell-out. And so not only do you have the absence of a cost, but you also have tailwinds in the form of a demand of the new product.

So I don't want to give a precise number how much that means, but of course, that is a very beyond a normalization promotion environment, that's a key driver of where we see the improvement in North America.

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

**Michael Rehaut**

*Analyst, JPMorgan Securities LLC*

Q

Great. Thanks very much. Good morning, everyone.

**Marc Robert Bitzer**

*Chairman & Chief Executive Officer, Whirlpool Corp.*

A

Good morning, Mike.

**Michael Rehaut**

*Analyst, JPMorgan Securities LLC*

Q

My first question is for – good morning. First question is for Roxanne and Juan Carlos. Congratulations, obviously, stepping into your new roles, your expanded roles and Roxanne, it's a pleasure working with you again. Wanted each of your perspectives on if there's any kind of how you're going to approach the jobs over the next couple of years? Obviously, the business has had a number of challenges, particularly in the North America margin, challenges through various macro, tariffs, promotional, et cetera.

What's the road back from a margin perspective over the next few years? I mean, obviously, you continue to look at your kind of tried and true playbook of cost savings, better mix, et cetera. I know a lot of this is also macro led with the challenges in the existing home repair remodel market. But I'm wondering if you're looking at anything maybe a little bit bigger picture structural or kind of changing strategy then that might kind of jump start the pathway back or is it going to be more of the initiatives that you've done already and expanding on that?

**Roxanne Warner**

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

A

Thanks, Michael. I will answer from a global perspective, and then I will move it over to Juan Carlos. First of all, thanks, it's great working with you again as well. The number one priority for us continues to be, one, debt paydown and I will continue to have that focus, driving that is our continued focus on cash and working capital. You see in 2026, we have a guidance of \$400 million to \$500 million of free cash flow, and that is imperative that we drive our inventory down. And so that is going to be a number one focus for us.

And then overall, we will continue to deliver on cost takeout, as we've done over the years and absolutely in 2026, price/mix is going to be absolutely a huge focus, one, on seeing the pricing from an overall industry, but then secondly, delivering on the benefits that Marc just touched on as it relates to our new product launches.

With that, I'll turn it over to J.C.

**Juan Carlos Puente**

*Executive President, NAR and Global Strategic Sourcing, Whirlpool Corp.*

A

Yeah. So thank you very much for the congratulations. I am super happy and excited to be in this new role. Like I mentioned at the beginning, I've been in North America before, and I was part on the, I would say, in The Global Financial Crisis in 2008. I moved in 2008, and then obviously, that happened. So I was together with Marc in that turnaround in 2009-2010. And not that those tools will be working moving forward. But I think like Roxanne mentioned and we mentioned before, with the new products that we're putting in place with aggressive cost take actions that we have, and obviously, with our manufacturing footprint that is extremely strong in North America, we believe that focusing – lasering focusing on that, we could turn the business around.

**Michael Rehaut**

*Analyst, JPMorgan Securities LLC*

Q

Great. No, I appreciate that. I guess, secondly, the sales growth like-for-like of 5%, and it looks like that's against a volume outlook of flat, if I'm understanding the segment – regional segment guidance, by and large. I guess, that results in a balance of price and mix driving the growth. I wanted to make sure I'm understanding that right. And how much exactly you're anticipating to come from price versus mix? And lastly, if that 5% also, I would assume, applies broadly to the North American segment as well.

**Marc Robert Bitzer**

*Chairman & Chief Executive Officer, Whirlpool Corp.*

A

Hey, Michael, it's Marc. First of all, the 5% in North America or globally, the direction is also reflective of what we have in mind in North America. Also on a global level, we showed 1.75 percentage points coming from price/mix. There is a healthy mix portion because we have a lot of new products and premium products, but there is also pricing which comes with a more normalized environment.

So what we showed on a global level is also true on a direction of North America level. So yes, there is also in our organic in North America, call it, a 2 points to 3 points of unit growth in there, because we know these new products have been picking up market share, and we expect some carryover into next year. So short answer is, there is a portion of price/mix. And the price mix also has a good element of mix in there, but there is also some unit growth into our North America assumptions.

**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 LLC*

Q

Good morning. Thanks for taking my questions. Marc, I was hoping you could touch on or your team could touch on just more specifically the comments around the promotional cadence and then also your own actions around your promotional pricing plans. Can you be more specific or quantitative about what you've seen in recent weeks and how that gives you the better confidence ahead of President's Day? I think quantification would help, if you can?

**Marc Robert Bitzer**

*Chairman & Chief Executive Officer, Whirlpool Corp.*

A

Yeah. So Michael, so let me maybe give you a lot more color on what we've seen in North America up until President's Day. Obviously, I can't comment on the go forward. So first of all, in Q4, in some ways, we've seen

two parts of a market in Q4. One was the non-promotional period where we had the new product in there where we actually like what we saw, and we picked up market share.

The promotional period itself was intense by any definition. And I think once the competitors announce their numbers, you would see it was intense. We made a conscious decision to hold our ground during this promotion periods. We did not pick up share during the promotion period. But frankly, it was a very costly investment. I mean there's no denial and you've seen that in our number.

What difference we saw after particular Black Friday and is – and it was the meaningful difference is post Black Friday, the prices, the promotion prices immediately recovered pretty much exactly a week after. And that is, for those of you who follow industry [ph] will know (00:44:42), is different from prior years. Very often, you saw that either retailer or competitors did not sell all the products. [ph] But on (00:44:50) Black Friday, prices were extended well in some cases into January, we did not see that last year. So as intense as the promotion period was, it also ended pretty abruptly. And these higher prices help now for pretty much six weeks.

Now we all know it's six weeks, it's not 52 weeks, but it's six weeks. And that is very different from prior year. We saw a meaningful price change already on MLK. We have, of course, already announced our prices to trade towards President's Day. And what we see is, call it, this normalized promotional environment certainly helps for President's Day. So we saw a big difference in the last six weeks. Again, is that a full extrapolation of a full year? No, we all don't know. This is a competitive environment. But at least we saw over the last six weeks that the industry is finally starting to reflect the full cost of tariff in the prices.

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**Michael Dahl**

*Analyst, RBC Capital Markets LLC*

Q

Okay. Got it. Thanks for that, Marc. And just to dovetail on that, can you give us a sense then within your margin guidance, and I'm thinking specifically the 6% for North America, how you envision the cadence between first half and second half?

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**Marc Robert Bitzer**

*Chairman & Chief Executive Officer, Whirlpool Corp.*

A

Yeah. I mean there are several elements coming in that cadence. First of all, you will not see the 6% throughout the full year. And there is Q1, in particular, will be still impacted by a number of factors. First of all, we just see now the pricing or more positive pricing coming through, so it's starting to build and that is still a good guide.

On negative side, we will curtail production. We said we will control inventories, and we'll correct what we had too much of inventories. That will be a burden on our Q1 numbers in North America because we will adjust inventory. As Roxanne highlighted before, cash is a key priority, and we take that very seriously.

So you will have the inventory reduction going against us in Q1, but pricing starts moving in our favor. And on top of that, you have now in Q1, contrary to last year, you have the full cost of tariff in there. So there's a number of factors. So Q1 will still be clearly below that 6%. And as of Q2, we expect the slow and gradual buildup.

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

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**Rafe Jadrosich**

*Analyst, BofA Securities, Inc.*

Q

Hi, good morning. Thanks for taking my questions.

**Marc Robert Bitzer**

*Chairman & Chief Executive Officer, Whirlpool Corp.*

Good morning, Rafe.

A

**Rafe Jadrosich**

*Analyst, BofA Securities, Inc.*

I wanted to ask on the capital allocation for the year. This free cash flow guidance of \$400 million to \$500 million, the \$200 million dividend and then, I think, \$400 million of debt pay down, there is a bit of a funding gap there. So can you just help us understand how we get to the full like debt paydown and dividend relative to the free cash flow guidance?

Q

**Roxanne Warner**

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

Hi, Rafe, good morning. One of the things that we touched on in the script earlier as well is that we are pleased with the India transaction that we have executed, which turned our majority stake from 51% to 40%. As of this time, we will retain that position, but we will continue to evaluate all options to further reduce our debt in line with the debt pay down guidance of \$400 million.

A

**Rafe Jadrosich**

*Analyst, BofA Securities, Inc.*

Got it. So is – are there additional India sales embedded in the guidance or is that just an option that's sort of on the table? Are there other things outside of India that could be done to generate cash?

Q

**Marc Robert Bitzer**

*Chairman & Chief Executive Officer, Whirlpool Corp.*

Yes. So Rafe, it's Marc. As Roxanne said, right now, we feel very comfortable with where we are in India. So we're not going to make a statement about what if. But as you know, first of all, we have a number of minority stakes throughout the world and India is not one of these where we continue to evaluate all the time where we are.

A

We also still have some smaller assets sales opportunity, very small and which could be part of closing that element. And so we are – with the ideas which we have in mind, we're pretty confident that we can close that gap or I mean or specify it very soon. But we feel right now the debt paydown, as Roxanne pointed out before, we will get going.

**Rafe Jadrosich**

*Analyst, BofA Securities, Inc.*

Okay. That's really helpful. And then on the promotional cadence that you're seeing from competitors, it's encouraging to see some of the improvement at the end of 4Q and into 1Q. Are you seeing like actual price announcements from competitors either on resale or wholesale – or retail or wholesale? Or do you think they've sort of just worked through that inventory? What's driving this improvement in the promotional cadence that's out there?

Q

**Marc Robert Bitzer**

*Chairman & Chief Executive Officer, Whirlpool Corp.*

A

Yeah. So Rafe, so first of all, from our perspective, it's pure outside incumbent and competitor. We don't know what's going through their head or whatever. So what we observe just more from a data set is we have a fairly sophisticated price scraping tool where every week, we see – we get thousands of in-cart pricing for every competitor, every product, every SKU. So we have a fairly sophisticated in-house tool that we pretty much weekly observed everything which was going on in the marketplace.

So our comments in terms of promotional depth from what we see is basically with pricing scraping tool, which, I would say, is very accurate. And also my comments on recovery afterwards is based on this price scraping tool. The actual mechanism which competitors use, it's their decision. I would say it's partially like we also do, sometimes it's a like-for-like price change and sometimes it's just a reduction of promotional depth, but we don't know. Ultimately, what matters to us what consumer prices are basically in the cart, and that's what we look at. But I would assume every competitor chooses slightly different tools.

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**Operator:** Your next question comes from the line of Andrew Carter from Stifel. Your line is open.

**W. Andrew Carter**

*Analyst, Stifel Financial Corp.*

Q

Hey, thank you. Good morning. I wanted to ask about the negative price/mix variance in 4Q and how it changed so much from kind of the 3Q guidance? I wanted to ask is that, number one, did – I think you said at one point that you didn't participate in promotion, but it's obviously a more promotional environment. Was there anything to this about clearing activity, i.e., you had a lot of innovation. You also had a weaker market. Therefore, the old analogs didn't move as quick. So anything you can help us on that big delta and kind of the speed at which improves through 2026?

**Marc Robert Bitzer**

*Chairman & Chief Executive Officer, Whirlpool Corp.*

A

Yeah. So Andrew, I think what has changed versus what we had in mind Q3, coming into Q4, we knew there's still some preloaded inventory in the market. Obviously, because we don't have exact competitor data, I think what we may have underestimated how much [ph] there (00:51:44) still is out there. So the promotion that there will be an aggressive promotional environment we anticipated, but it was deeper than we expected in all transparency.

And now at the same time, and I made that comment in the script already is the fact that the price is corrected pretty immediately after Black Friday, I would read as an indication that this preloaded inventory is out of the system. Because if it would still be there, we would have seen Black Friday pricing continuing longer.

So I think the big change is probably there was more inventory out there than we assumed. And right now, we assume that is normalized, and we kind of – that is behind us. And again, what I said before, the last six weeks would indicate we're now in a more, what I would consider, normal competitive environment.

**W. Andrew Carter**

*Analyst, Stifel Financial Corp.*

Q

Thank you for that. And I think at one point, you mentioned you get the sell-out data on a weekly basis. We can obviously see the AHAM data. I guess it gets cut monthly but released quarterly. We can see how far below the discretionary units are relative to 2019. Are you seeing a quicker reversion in sellout? And I guess where I'm going with this is like could there be a massive catch-up in discretionary unit shipments relative to nondiscretionary there higher mix, if the turn has happened quicker about what I'm asking, and I know, just to be

clear, your guidance is pretty much for 2026, more of the same on the discretionary, nondiscretionary mix?  
Thanks.

**Marc Robert Bitzer**

*Chairman & Chief Executive Officer, Whirlpool Corp.*

A

Yeah. So Andrew, I mean, first of all, to your question, we get sell-out data, [indiscernible] (00:53:25) register data for about 70% of our trade partners. So we have a pretty good sense about how we are doing from a sell-out and coupled with that, we typically also get comparable house sales, i.e., we know how we're doing in the store in terms of picking up balance of sale or not. So we have a very good sense, and that is, of course, critical in particular when we're trying to assess the success of our new product launches. A lot of confidence you heard before comes exactly from looking at the sell-out data on a weekly basis.

To your question about the discretionary demand, again, reemphasizing it's not baked in the guidance. Is there a certain chance? Yes. But you also – we've been waiting for this uptick in discretionary demand for a long time and that's why we're a little bit cautious at this point. What really – and again, it's – the big driver will be ultimately consumer sentiment and the broader perception.

Consumer sentiment, and we've seen that before, changes a lot faster than other indicators. And right now, it's low. And if you just take January, consumer sentiment is low by any definition, so reading that, you wouldn't have a lot of confidence. But again, we have seen this coming around faster. And to your point, yes, that could unlock quite a bit of pent-up discretionary demand, but it's not factored in.

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

**Eric Bosshard**

*Analyst, Cleveland Research Co. LLC*

Q

Good morning. Thank you.

**Marc Robert Bitzer**

*Chairman & Chief Executive Officer, Whirlpool Corp.*

A

Good morning, Eric.

**Eric Bosshard**

*Analyst, Cleveland Research Co. LLC*

Q

Question for – yeah, thanks. Just two housekeeping questions for Roxanne. First of all, a lot of talk about the last six weeks on price/mix. Is price/mix been positive in this 1.5%, 2% range over the six weeks, is that what you've seen in your business?

**Roxanne Warner**

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

A

Hi, good morning, Eric. A couple of things to keep into consideration. One of the time periods where we saw the improvement is Black Friday. And so as you'd expect, during the Black Friday period, we are paying out for the depth of the Black Friday holiday. So the majority of the benefit as it relates to price/mix for the six weeks would really come in 2026. As Marc mentioned, from a Q1 perspective, though, keep in mind that there are other items that we will be doing, such as reducing production, which would therefore impact the Q1 results, and so we expect price/mix to build up as we go throughout the year.

**Marc Robert Bitzer**

*Chairman & Chief Executive Officer, Whirlpool Corp.*

A

Yeah, Eric, maybe – and again, keep in mind, we largely pay our sales incentives to a trade partner on sell-out basis. So there's a delay effect when you pay out pretty much a lot of these costs. What we look at as an early indicator, but now we're getting to operation probably is also across ASVs, i.e., what is really the gross sales value which we have and that is favorable in the last six weeks. So that is an early indicator that we see the pricing coming through.

**Eric Bosshard**

*Analyst, Cleveland Research Co. LLC*

Q

Okay. And then the second is the assumption in 2026 on outgrowing the flat market by 2 points or 3 points. Similar question, Roxanne. Is that what you're seeing now that your business is outgrowing the industry by 2 points or 3 points? Is that what's happening now or is that a ramp in 2026?

**Marc Robert Bitzer**

*Chairman & Chief Executive Officer, Whirlpool Corp.*

A

So Eric, I can comment on this one. That is almost entirely built on the success of new products. And that is not just the last six weeks. As I mentioned before, ever since – again, they didn't all launch at the same time. There was a big KitchenAid launch end of Q3, but we have other products – and by the way we will continue to have new products also in 2026. So we see from these new products on the flooring gains and we also see the sellout gains. So that pickup in volume is, I would say, almost entirely driven by what we see from the new products.

**Operator:** Your next question comes from the line of Sam Darkatsh from Raymond James. Your line is open.

**Sam J. Darkatsh**

*Analyst, Raymond James & Associates, Inc.*

Q

Good morning, everyone. And Roxanne, J.C., Ludo, again, congratulations. And Roxanne in particular, I know you well, very well deserved. And I think it made us all smile when we saw your – the announcement.

**Roxanne Warner**

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

A

Thanks, Sam.

**Juan Carlos Puente**

*Executive President, NAR and Global Strategic Sourcing, Whirlpool Corp.*

A

Thank you.

**Sam J. Darkatsh**

*Analyst, Raymond James & Associates, Inc.*

Q

A couple of quick questions. I know we've been dancing around the pricing question quite a bit this morning. The 1.75 percentage points guide for the year, what's the inherent assumption for industry like-for-like net pricing in order for you to achieve the 1.75 percentage points?

**Marc Robert Bitzer**

*Chairman & Chief Executive Officer, Whirlpool Corp.*

A

So Sam, again, we're not publishing what we assume as an industry pricing and a lot depends on what competitors will do. Having said that, you saw earlier and that's why we added this slide with the three components of pricing. It's a better promotional environment and it's new products and mix overall. So yes, in the 1.75 percentage points, there is a component about what we just think from a less promotional environment.

Again, we typically don't specify but assume it's roughly a-third probably of that overall assumption or maybe half of a less promotional environment. But in all transparency, yes, we like what we saw over the last six weeks, but of course, we're just cautious in terms of extrapolating the last six weeks of the full year. And I think right now this assumption is kind of a little bit of middle ground.

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**Sam J. Darkatsh**

*Analyst, Raymond James & Associates, Inc.*

Q

So to paraphrase, if there is announced increased industry pricing from competitors that would be additive to your price guide theoretically? I've got a follow-up, but I just wanted to clarify that.

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**Marc Robert Bitzer**

*Chairman & Chief Executive Officer, Whirlpool Corp.*

A

Yeah. Sam, there's obviously a lot of ifs and whens in forward-looking statements, but let's if – the promotional environment, which we've seen in the last six weeks holds in the full year, we will like the outcome.

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**Sam J. Darkatsh**

*Analyst, Raymond James & Associates, Inc.*

Q

Okay. My follow-up question. I noticed the RMI guide remains flat for 2026. We've recognized that steel is set, but there have been moves of late in things like resins and base metals since the October call. I'm guessing the resins are getting offset by lower oil prices. So I think that's pretty understandable. But on the base metal side, can you help us as to how the hedges work from a timing standpoint as to when that might flow through or if you are exposed to higher copper, aluminum, nickel, zinc, that kind of stuff in 2026, potentially?

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**Marc Robert Bitzer**

*Chairman & Chief Executive Officer, Whirlpool Corp.*

A

Sam, you know our business very well, and you pretty much already gave the answer. So steel, because we have multiyear contracts, it's flat in our assumption. There's still a couple of moving pieces. On resins, it's directionally a good guide versus our assumption. But as you point out, aluminum and copper, in particular, a little bit of a bad guy.

A little bit buffered because, as you know, we go out with hedges and with certain hedging corridors. And that's why we're saying right now, but some of it all is – we basically assume a flat or not a major surprise. And again, it's a wash of ins and outs, but we feel pretty comfortable about that RMI assumption.

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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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**Charles Perron-Piche**

*Analyst, Goldman Sachs & Co. LLC*

Q

Hi, good morning, everyone. This is Charles Perron in for Susan. Thanks for taking my question.

**Roxanne Warner**

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

Good morning.

A

**Charles Perron-Piche**

*Analyst, Goldman Sachs & Co. LLC*

Good morning. First, I just want to go back on the cost action, the \$150 million-plus tailwind for 2026. Can you talk about some of the – what is the new actions that are going to be implemented this year versus the carryover impact from 2025 action? Can you elaborate on some of these measures put in place in terms of automation, strategic sourcing and footprint of rationalization? And what factors are you considering before determining whether additional actions would be necessary?

Q

**Marc Robert Bitzer**

*Chairman & Chief Executive Officer, Whirlpool Corp.*

Yeah. So Charles, it's Marc. First of all, there is some carryover, but frankly, it's not that much. It's obvious. Overall, this \$150 million-plus, it's probably less than a-third is carryover. And that largely comes from the actions, which we initiated about the cost they got last year, but just carried through and the additional actions, the vertical integration is actually a new angle which we're pursuing.

A

We've made good experience with vertically integrating some components actually in our Mexico factories. And we will aggressively go after that also in North America, where we expect quite a sizable saving on respective components and frankly, also just more stability in our supply chain. That's one element.

Automation is an ongoing effort and will accelerate. That will also drive benefits. What we refer to as strategic sourcing initiative, it's a fairly elaborate and sophisticated process, which we don't do every year because it's way too complex. The last time we've done that six years ago, and we got a lot of savings out of this one. It basically goes down to you take a book, take apart every single component, you weigh it, you do a global completely clean sheet assessment, what should cost be, we're putting it out for bidding across the world. It's a very elaborate thorough process.

And again, just for complexity, you can't do that every year. But given that it's six years ago, I think it's right. And we know the tool, we've done it before and we expect probably in the overall context, almost a-third of cost savings coming out of this one.

**Charles Perron-Piche**

*Analyst, Goldman Sachs & Co. LLC*

Got it. That's super helpful color, Marc. And then second, I just want to ask on the continued progress you're seeing in small domestic appliances. It's good to see the 10% sales growth this quarter. When considering the business, how do you balance the growth momentum that you're seeing here versus holding to your 16% EBIT margin as you look to maximize your returns over time?

Q

**Ludovic Beaufile**

*Executive President, KitchenAid Small Appliances, LAR, Global Information Technology, and Design, Whirlpool Corp.*

Yeah, Charles, this is Ludo. So I'll take this one. So as you said, we're very happy with the performance of the SDA business. We grew at 10% in Q3 and again in Q4, and we have similar projections for 2026 going forward.

A

From a margin standpoint, what we believe is most of the – highest value we can create, frankly, is through growth, given the level of accretiveness we have from the margins already. So we're very focused on delivering that growth. We're effectively reinvesting the margin that we created in excess of this 15% to 16% margin range into further acceleration.

**Operator:** And your final question comes from the line of Jeffrey Stevenson from Loop Capital Markets. Your line is open.

**Jeffrey Patrick Stevenson**

*Analyst, Loop Capital Markets LLC*

Q

Hi. Thanks for taking my questions today. You reported healthy share gains in the third quarter from your new product introductions, which offset your first half share losses. But I was wondering if you could comment on your fourth quarter share gains and whether heavier competitor discounting and a soft underlying R&R demand environment, prevented similar levels of share gains during the quarter?

**Marc Robert Bitzer**

*Chairman & Chief Executive Officer, Whirlpool Corp.*

A

So Jeffrey, yeah, basically, what we reported in Q3, we picked up quite a bit of share with the new product, and that offset what we lost in the entire first half. In Q4, the positive momentum when new products continued. So we continue to gain share with the new product. But of course, by definition, the overall promotional period in Q4 is just a bigger portion of a quarter than in our prior quarter.

During the promotional period, and that's what I indicated before, we did not pick up share. We just decided to hold our ground, and that's what we've done. So you have continued gains of share with the new products, but in promotion period, we didn't pick up a lot more. So overall, it ended with the full year, but we have a small market share gain for the entire year in North America and almost entirely driven by the back half and almost entirely driven by new products.

**Jeffrey Patrick Stevenson**

*Analyst, Loop Capital Markets LLC*

Q

Understood. Thank you. And then I wanted to go back to comments earlier on the replacement demand. And this was tracking to roughly two-thirds of North America MDA sales last year, which is well above normalized levels. And just so I'm clear in your guidance, are you not expecting any moderation in the percentage of replacement demand in 2026, unless we see some improvement in existing housing turnover? And then over the midterm, do you believe the percentage of replacement sales could move closer to 50% once the industry returns to a more normalized repair and remodel demand environment?

**Marc Robert Bitzer**

*Chairman & Chief Executive Officer, Whirlpool Corp.*

A

So Jeffrey, there's two components. The absolute number of replacement volume we get, we expect to stay stable. And we've seen that pretty stable now for an extended time period. And in the end, it just comes to simple math. It's installed base and we know that. And the overall usage in terms of year has come down a little bit because people are more using it more intensively.

That has now been stable for, I would say, two, almost three years on a pure replacement side. So the volume will stay the same. But of course, when by definition, finally, the discretionary demand picks up, the percentage of a

total market replacement will come down. Right now, it's well above 60%. And I would – I wouldn't even call it peak cycle, I'd call it earlier mid-cycle, the discretionary side should easily cover 50%.

Not easy. But we had years where the discretionary side was up to 60%. So it's – so percentage is all driven by how much we would see over the discretionary demand going forward.

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## Marc Robert Bitzer

*Chairman & Chief Executive Officer, Whirlpool Corp.*

So with that, I think that was the last question. Sorry, we went a little bit over time today, but there's new faces, new voices and then I think a lot of good questions. Again, as you heard before from us, 2025 is behind us. It's in a rear view. We right now look just forward to 2026. There are some encouraging signs already happening now in 2026. And I think we laid out the catalyst why we believe we are confident and it's in our execution control to deliver on them, and that gives us the confidence behind 2026. So thanks for joining me today, and looking forward to talk to you again next quarter.

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

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