Corrected Transcript

04-Aug-2026

Whirlpool Corp. (WHR)

Q2 2026 Earnings Call

CORPORATE PARTICIPANTS

Scott Cartwright
Head-Investor Relations & Treasury, Whirlpool Corp.

Marc Robert Bitzer
Chairman & Chief Executive Officer, Whirlpool Corp.

Juan Carlos Puente
Executive President, NAR and Global Strategic Sourcing, Whirlpool Corp.

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

Roxanne Warner
Chief Financial Officer & Executive Vice President, Whirlpool Corp.

OTHER PARTICIPANTS

David S. MacGregor
Analyst, Longbow Research LLC

Sam J. Darkatsh
Analyst, Raymond James & Associates, Inc.

Mike Dahl
Analyst, RBC Capital Markets LLC

Susan Maklari
Analyst, Goldman Sachs & Co. LLC

Eric Bosshard
Analyst, Cleveland Research Co. LLC

Shaun Calnan
Analyst, BofA Securities, Inc.

Edward Magi
Analyst, BNP Paribas Exane

Jeffrey Patrick Stevenson
Analyst, Loop Capital Markets LLC

MANAGEMENT DISCUSSION SECTION

Scott Cartwright
Head-Investor Relations & Treasury, Whirlpool Corp.

Good morning and welcome to Whirlpool Corporation's Second Quarter 2020 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 and Latin America. Our remarks today track with the presentation available on our Investors section of our website at 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 that 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 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 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.

Marc Robert Bitzer
Chairman & Chief Executive Officer, Whirlpool Corp.

Thanks, Scott, and good morning, everyone. During today's call, you will hear three key messages. First, our Q2 performance was in line with our expectations despite the persistent macroeconomic challenges impacting our industry and the broader economy.

Second, we delivered sequential margin improvement in Q2 and we expect margins to continue improving throughout the remainder of 2026. North America in particular delivered strong operational progress relative to the first quarter, supported by our second quarter promotional pricing increase and a strong lineup of new products. While we recognize that there's more work to do, this is a clear step towards stabilizing our business.

And third, we continue to take decisive actions to better position our business in the near term and capture the upside when consumer sentiment and the housing market rebound. We are reaffirming our full year operational outlook and adjusting EPS to reflect the updated interest expense expectation following our recent refinancing activities.

Turning to slide 7, we will further discuss some of the decisive actions taken to better position our business. We have accelerated the cadence of our new product launches and we're performing exceptionally well. In 2025, we transitioned over 30% of our MDA portfolio in North America into new products. That is three times more than we would typically transition in a year and the largest portfolio refresh in the last 10 years.

In 2026, we had an impressive performance at the Kitchen & Bath Show, winning 23 awards and are on track to launch more than 100 new products. Our trade customers and consumers have reacted very positively to these new launches. Juan Carlos and Ludo will provide more details on how some of these recent launches in MDA North America and SDA Global are performing.

In our last call, we discussed our announced price increases to mitigate the years of cost inflation and some residual impact of tariffs. I'm very pleased to report that our execution of these increases has been strong. The initial benefit is already showing up in our sequential margin improvement, and we anticipate further incremental margin gains moving forward.

We also announced new pricing actions in Latin America, effective in August, which, in combination with some of our strategic launches, in particular in refrigeration, are expected to restore margin in what has been a highly competitive environment. We continue to accelerate our structural cost takeout actions to help offset macroeconomic headwinds and to drive meaningful carryover benefits in the years ahead.

Recently, we announced footprint changes that are expected to deliver meaningful cost savings starting in Q4 of 2026 across key manufacturing facilities in Amana, Iowa, Rio Claro, Brazil, and more recently, Ramos, Mexico.

We're also optimizing our logistics network, reducing the number of local distribution centers by 25% while maintaining a strong footprint that places 97% of our customers within 100 miles of an LDC. This allows us to maintain high reliability, on-time delivery and maintain lead times. As we optimize our global footprint, we're also investing in growth, including our new manufacturing plant in Perrysburg, Ohio.

Together, these actions accelerate our path to vertical integration, automation, and supply chain modernization, reinforcing our competitive advantage as the leading domestic appliance producer.

Finally, we have completed a series of strategic actions to strengthen our balance sheet and expand our financial flexibility, giving us the resilience required to navigate the volatile macroeconomic environment while continuing to fund our organic growth. A look at our balance sheet before and after these transactions shows a dramatic improvement in our near-term liquidity and capital position.

Our strategic recapitalization strengthened our balance sheet. Our recent bond issuance successfully cleared our 2026 and 2027 debt maturity, giving us a clear operational runway. We completed the secured asset-based lending credit facility that provides us with the needed liquidity and financial flexibility to operate in the current volatile environment.

Lastly, we completed the sale of our interest in Beko Europe B.V., primarily for cash consideration, further enhancing our cash position. Importantly, our core capital allocation priorities are unchanged.

Turning to slide 8, let me cover our second quarter results. We delivered net sales of $3.5 billion, which was impacted by softer industry demand in North America and promotional intensity in Latin America. However, we saw a sequential margin improvement of 50 basis points to 1.8%, resulting in ongoing earnings per share of negative $0.21.

As mentioned earlier, in line with our capital allocation priorities, we successfully sold our minority stake in Beko Europe B.V. for approximately $128 million, generating roughly $84 million of net cash consideration. Our free cash flow was a consumption of approximately $1.1 billion, which was largely driven by lower earnings in conjunction with seasonal working capital.

Turning to slide 9, I will walk through our sequential ongoing EBIT margin drivers. We delivered margin improvement of approximately 50 basis points quarter-on-quarter. Our previously announced pricing actions in North America favorably impacted margin, fully offsetting unfavorable price mix in Latin America and resulting in 225 basis points of improvement.

Net cost was a tailwind of 100 basis points as we compare to the higher costs associated with our inventory reduction actions in the first quarter. Raw material inflation unfavorably impacted margin by 50 basis points, primarily driven by elevated steel and base metal costs.

Net tariff impact was an unfavorable 200 basis points, driven by implementation of Section 232 and realizing credit benefits of the IEEPA decision in Q1. Marketing and technology as well as currency, each represented a headwind of 25 basis points, partially offset by favorable transaction impacts of approximately 25 basis points.

And now I will turn the call over to Juan Carlos to review our MDA North America results.

Juan Carlos Puente

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

Thanks, Marc. Turning to slide 11, I will provide an overview of our MDA North America segment. In the second quarter, net sales were $2.4 billion, up 8% sequentially from the first quarter. We saw sequential EBIT margin improvement of 240 basis points, driven by the strong execution of our previously announced promotional price increase and the progression of our structural cost takeout initiatives, partially offset by higher raw material, fuel and tariff costs. As expected, US industry demand was down 3.4% year-over-year.

Turning to slide 12, I want to remind you of the significant pricing actions we announced last quarter. We executed a promotional price increase of more than 10% relative to the first quarter prices, effective in late April. This was the most impactful action and started to positively impact our P&L in May, with incremental benefits ramping up through the remaining of the year.

We also announced a list price increase of approximately 4%, effective in July, which we expect will benefit the third quarter results. We can see positive impact of these price increases on our sequential margin improvement, as well as in the retail sell-out price data.

Turning to slide 13. Let's review our sell-out price data. This chart represents the aggregate view of thousands of price data points collected weekly based on publicly available data. The yellow line shows that our price are progressing as expected. The blue line shows that the competitor average pricing has also meaningfully moved upward since the beginning of 2026.

We are seeing resilient demand despite the price increases. In the current softer housing market, appliance demand is largely replacement driven and relatively priced [ph] inelastic (00:10:43) at least until consumers reach the point of sale and compare options. More importantly, we are able to hold our market share, showcasing the success of our robust product innovation.

Turning to slide 14. I will review our newest kitchen suite coming to market in Q3, in line with our strategy of driving premium mix. We are incredibly proud of the new KitchenAid Porcelain White suite. The elevated neutral color tone can be paired with our interchangeable handles and knobs, allowing consumers to personalize their kitchen suite. This premium product is a great addition to our portfolio and one that fits squarely within our strategy to drive premium mix.

On slide 15, we can see how some of our recent product launches are driving notable growth. Our Maytag top load washer gained approximately 1 point of laundry share, a result largely influenced by our new pet hair removal impeller. The new KitchenAid suite has been exceptionally well received and has driven an impressive 20% year-over-year brand share growth. Lastly, our industry-first Whirlpool UV laundry tower has rapidly captured approximately 10 points of share in this category.

Turning to slide 16. Improving profitability is not just a pricing story. That's why we continue to focus on our structural cost takeout. We remain on track to deliver $150 million in cost takeout in 2026. Of the $150 million target, we expect approximately $60 million in savings from our automation initiatives, $15 million from strategic sourcing and $20 million from our targeted fixed cost actions in our corporate center.

On strategic sourcing, we are deepening our relationships with critical suppliers in creating a win-win opportunity that drives mutual operational growth and margin enhancement. The acceleration of our footprint, strategic sourcing and corporate center cost reduction actions are expected to help mitigate the headwinds associated with higher fuel cost, volume deleverage and inflation. This illustrates how we are laser focused on delivering against what we can control.

Turning to slide 17. We're maximizing benefits from our manufacturing and supply chain footprint to strengthen our structural competitive advantage. In our last earnings call, we discussed key manufacturing footprint changes that we announced in Q1.

First, the multiyear modernization efforts on Amana, Iowa, that will refocus our manufacturing on bottom-mount refrigeration and optimize our parts production and subassemblies, generating an expected annualized EBIT benefit of approximately $70 million.

Second, our $60 million investment in our new state-of-the-art production facility in Perrysburg, Ohio, focused on accelerating vertical integration, which we expect to generate annualized EBIT benefits of approximately $30 million.

And lastly, in the second quarter, we announced our plan to ship our Mexico refrigeration production from the Supsa plant to our Ramos manufacturing facility in our existing supply chain. All of these moves drive significant structural cost benefits with EBIT benefits starting in Q4 of this year and significant carryover benefits in 2027 and 2028.

Additionally, the consolidation of our US distribution centers, where we are reducing our local distribution centers from 126 down to 94, alongside the consolidation of our regional distribution and return centers, is expected to unlock another $60 million in annualized EBIT benefits while maintaining reliability and delivery speed. Combined with the structural advantage of the updated Section 232 tariff framework, we are highly confident in the long-term profitability of our North America business.

And now, I'll turn the call over to Ludo to review MDA Latin America and SDA Global results

Ludovic Beaufils

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

Thanks, Juan Carlos. Turning to slide 18, I'll review the results for our MDA Latin America business. Excluding currency, net sales decreased 2% due to negative price mix, partially offset by higher volume in Brazil's highly intense promotional environment. This negative price mix resulted in an EBIT margin of 3% despite a tax case-related net gain.

Turning to slide 19, let me highlight the main actions that are underway to restore our margins in Latin America. First, we have announced new pricing actions in Brazil, fully effective in August, resulting in an overall increase of approximately 5%. Second, we're driving premium mix through product innovation and our direct-to-consumer channel.

In particular, we have completed the relaunch of Brastemp's laundry, top-mount refrigeration and bottom-mount refrigeration lineups, and we're about to launch our new French door refrigeration line. We are also deploying the Whirlpool and KitchenAid products Juan Carlos referenced earlier into the relevant countries in Latin America. Lastly, we are executing a comprehensive operational review to aggressively reduce both variable and fixed costs across the region.

Turning to slide 20, our SDA Global business continues to deliver solid results. We achieved an EBIT margin of approximately 12% in the second quarter, in line with expectations, while successfully funding our planned marketing investments. Underlying demand is positive with double-digit sell-through growth and share gains globally, driven by product launches and continued expansion of our direct-to-consumer channel. However, we did experience a temporary but sizable trade inventory burn in Q2, which impacted our top line results.

Overall, our performance in the first half of 2026 was in line with expectations, achieving growth and double-digit margins, while reinvesting some of those gains to fuel future organic growth.

On slide 21, I will review three of our latest innovations that are instrumental to our growth trajectory in the second half of 2026. The Artisan Plus stand mixer with this new bold light and precision speed controls has been an absolute hit so far, driving approximately 1 point of share growth in the US.

Our new line of compact, fully automatic espresso machines is expanding our presence in a fast-growing industry category that has expanded over 25% in the US through May 2026. It started to hit the shelves in Q2 and has already shown strong sell-through performance. And our Pure Power Blender has delivered standout growth, internationally, securing an impressive 10 points of incremental share in Canada as an example.

To summarize, we've had a strong margin-accretive first half performance. We have continued to invest in growth and are seeing great success with our most recent product launches. On top of that, we have more launches coming in time for the holiday season. All of this gives us confidence in our ability to continue to capture double-digit growth globally at the highly accretive margin we've been guiding towards.

Now I will turn the call over to Roxanne to review our balance sheet and capital allocation priorities.

Roxanne Warner

Chief Financial Officer & Executive Vice President, Whirlpool Corp.

Thanks, Ludo. Turning to slide 23, let me review the decisive actions taken recently to lock in our liquidity and clear our debt runway, creating balance sheet flexibility. We executed a $1.1 billion equity offering and made the prudent decision to suspend the common dividend to maximize our cash preservation, improving near-term liquidity. We finalized a $2 billion asset-based lending facility to provide financial flexibility. And finally, we issued $2 billion in secured bonds, which removes near-term refinancing risk by addressing our 2026 and 2027 debt maturities. Combined, these actions significantly improved our financial flexibility, cleared our debt maturity runway, and have positioned our business to better participate in growth opportunities.

As you can see on slide 24, these actions have successfully secured over $3 billion in liquidity and cleared our debt maturity ladder until 2028. This gives us the financial runway necessary to execute our operational plans and improve profitability, while still navigating an uncertain macroeconomic environment. And while this recent bond issuance increased our gross debt, our net debt in Q2 stayed largely flat at $5.8 billion. We maintain our commitment to deleveraging, and we expect to exit 2026 with a net debt below $5 billion.

Turning to slide 25, let me outline an update to our capital allocation priorities. Investing in organic growth through product innovation is critical to our business and will continue to be one of our top priorities. We will continue to invest in product innovation, digital transformation, and cost efficiency projects with approximately $400 million of CapEx expected this year. To support our balance sheet strength, we strategically raised gross debt through new bond issuances. We have successfully completed the divestment of our interest in Beko Europe, and we will continue evaluating all options to further strengthen our balance sheet.

Turning to slide 26, we are updating our earnings per share guidance range as a result of the revised interest expense associated with our recent bond issuance. Our operational outlook is unchanged. On a like-for-like basis, we expect revenue growth of approximately 1.5% in 2026. We expect full-year ongoing EBIT margin of approximately 4%, supported by continued momentum with our new product launches, pricing actions, and structural cost takeout.

Free cash flow is expected to deliver $300 million or approximately 2% of net sales, driven by significant structural inventory optimization. We are updating our full year interest expense outlook from $300 million to $350 million as a direct result of our recent debt refinancing activities. Guidance drivers and segment details can be found in the appendix of this presentation.

Now, I'll turn the call back over to Marc for closing remarks.

Marc Robert Bitzer

Chairman & Chief Executive Officer, Whirlpool Corp.

Thanks, Roxanne. Turning to slide 27, let me summarize what gives us confidence that our business is on the right track to deliver long-term shareholder value. Looking to the second half of 2026, we expect to see continued margin expansion as we move towards 2027. The margin expansion will be driven by sustained momentum from our new product launches, the compounding benefits from the pricing actions we have already taken and the structural cost reduction initiatives that are fully underway.

We are taking decisive actions to create shareholder value now and in the future. Our aggressive investments in our US domestic footprint continue to strengthen our competitive advantage. And as we look further ahead, our portfolio of iconic brands and our leading established position in the builder channel ensure we are well positioned to catalyze the tailwinds of the eventual US housing recovery.

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 thanks for taking my questions.

Marc Robert Bitzer
Chairman & Chief Executive Officer, Whirlpool Corp.

A

Hey, David.

Roxanne Warner
Chief Financial Officer & Executive Vice President, Whirlpool Corp.

A

Hi, David.

Marc Robert Bitzer
Chairman & Chief Executive Officer, Whirlpool Corp.

A

Good morning.

David S. MacGregor
Analyst, Longbow Research LLC

Q

Yeah. Good morning, Marc, Roxanne. Just on pricing, can you just talk about what you're seeing in July that gives you confidence in the 4% list price increases? And also, I guess with regard to the PMAPs, how confident you are that the industry will maintain PMAP discipline through year-end promotions?

Marc Robert Bitzer
Chairman & Chief Executive Officer, Whirlpool Corp.

A

Yeah. So, David, first of all, I mean, obviously as we pointed out in the earlier remarks, we feel very good about how the pricing and the pricing actions, which we communicated late April, turned out during Q2. You saw a significant price increase on the promotional side. You also saw the effect of us reducing the promotional window, in particular around July 4, so that all worked out very well.

It is important to note, even on Q2, de facto Q2 only has about two-thirds of the pricing impact because, by definition, the pricing largely kicked in early May. So that is already a carryover benefit. On the list price increase which we announced, we announced them a long time ago and we're executing, and so far we don't see a big issue. So we feel actually very confident about the journey which we're on the price increase.

The other element also for Q3, which we talked about earlier, we also have the effect of builder price increases kicking-in in Q3. That is something which we announced earlier. So put that all together, the carryover from a price increase in Q2, the additional list price increase, and the builder pricing, that gives us the confidence that our pricing actions are really having good traction, and we feel good about Q3.

David S. MacGregor
Analyst, Longbow Research LLC

Q

Good. Second question is just on net costs and on the net cost guidance of 100 basis points year-over-year. This presumably would include the $150 million of cost takeouts, which implies that ex cost takeouts, the guidance is flat for the full year, if I'm reading that correctly. Can you just talk about that line and bridge for us the first half to the flat full year number?

Marc Robert Bitzer
Chairman & Chief Executive Officer, Whirlpool Corp.

A

Yeah. David, and I would particularly point also to page 9 of our presentation. You saw sequentially we had in our pure net costs, i.e. our factory productivity, logistics productivity, we had about a 100 basis point improvement in Q2 versus Q1. Keep also in mind, Q1, we took a lot of inventory out. So that's a little bit the element kind of offsetting here in Q2.

Also, going forward, we feel very good about the net cost actions, which are in our control, i.e. engineering or redesign of certain products. So these actions are on track. What is right now already was in Q2, a headwind is the raw material side is becoming more challenging. I mean, we have – on the steel side, we're on the very high end of the contracts which we have. We have base metal increases. And as you all would have expected from oil price changes, there is some pressure on resins. So that's we offsetting element, which right now on full-year base would point out a little bit challenge.

The other element, and Juan Carlos referred to this earlier, we took fairly sizable and significant actions in the first and second quarter around our factory footprint, particularly related to Amana, Iowa, our Supsa factory in Mexico and also our Argentina factory. These are fairly significant moves. Important thing, however, to note is the vast majority of the benefits are more like a 2027 effect because it takes some time until you get the full benefit of this one. But there is also a portion which will help us in 2026.

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 Marc, best wishes for a speedy recovery. A couple of questions here. The first, you obviously have a lot of pricing going through, largely matched by the industry. You also have difficult market share comparisons in the back half. What – included within your guidance, what are you contemplating for a market share performance in the back half on a year-on-year basis?

Marc Robert Bitzer
Chairman & Chief Executive Officer, Whirlpool Corp.

A

Yeah, Sam. So, first of all, year-to-date, our market share in particular in North America is largely flat, we feel actually pretty good about. Obviously, we had significant price increase and we didn't lose market share. So that's a good element. In the back half, I mean first of all, you have the effect of all these new product launches which help us. So we have a good product mix, good product lineup that will help us.

But at the same time, we will continue our strategy on promotions. We will invest in promotions when it creates value for us and the retailer. And that may be a little bit the offsetting element. And you saw that also in July 4. We didn't go all aggressive. I'll put it differently, we want to have structurally healthy organic market share and maybe kind of give away a little bit of ground on some aggressive promotions. So that is our basic strategy. But even on a full year basis, we expect a flat to maybe slightly up market share.

Sam J. Darkatsh
Analyst, Raymond James & Associates, Inc.

Q

Thank you. And then my follow-up question, and actually I have a clarification question from David's prior question. Hopefully this doesn't count. If you could characterize what you're seeing in July. But my actual question, in the second half, you're guiding for effectively a $1.6 billion in cash flows from operations. How much of that are you expecting in the third quarter versus your normal heavy fourth quarter cash flow generation? Thanks.

Marc Robert Bitzer
Chairman & Chief Executive Officer, Whirlpool Corp.

A

Yeah, Sam. It comes to be known as question 1b. So as you know, we don't typically give quarterly guidance on the cash flow. But I think there's one big element and that is a little bit different from every years. We took a lot of effort to get our working capital in balance in the first half, i.e. we didn't produce as much as we typically would produce in Q1 and Q2.

So we enter the second half with actually pretty good inventory levels, even to the point where we could actually slightly increase inventory. So we feel very good about where we are from working capital. And we don't have to take that strong action, which we typically do in Q3 to Q4 to correct it. So we're in a pretty balanced level here.

And then on top of that, yes, we have the earning and earnings expectation of the second half kicking in on this one, and that's why we feel confident about the $300 million-plus free cash flow for full year.

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

Mike Dahl
Analyst, RBC Capital Markets LLC

Q

Morning. Thanks for taking my questions. Just on the – another question on kind of the cadence. Obviously, in North America, the guide still requires you to do kind of a 6% in the back half after doing the 1.5% in the first half on an EBIT margin basis. So could you clarify kind of cadence of is it going to be in your internal expectations? Is that an immediate step-up from 2Q to 3Q to around those levels? Or should we think about the guide implying kind of a ramp and an exit rate north of that, the way you contemplate it?

Marc Robert Bitzer
Chairman & Chief Executive Officer, Whirlpool Corp.

A

Yeah. Michael, it's Marc. So first of all, I mean, I also want to point out, between Q1 and Q2, North America had more than 2 points of margin improvement. So that was a very sizable step. And that is, as I mentioned before, with only two-thirds of a price increase kicking in, and there's more coming.

So, obviously, with the price increase being successful in marketplace, I think these significant step-ups, as we've seen in between Q1 and Q2, we also expect going forward. So it's not all back-end loaded to Q4. But it is absolutely critical in Q3 that with additional pricing actions and the carryover momentum on pricing, we have a similar step-up in Q3 as we had in between Q1 and Q2.

Mike Dahl
Analyst, RBC Capital Markets LLC

Q

Okay. That's helpful, Marc. Thanks. And then secondly, can you talk a little bit more about the inventory dynamic in SDA, what you think drove it? Whether there was something that happened in kind of the cadence of sell-through trends that led to a different decision on inventory replenishment, where inventory levels sit versus your view of what would be normal?

And I think I heard you guys say you still expect that business position for double-digit growth. So just again, kind of square that with what played out between the sell-through dynamics and the inventory effectively destocking in 2Q.

Marc Robert Bitzer
Chairman & Chief Executive Officer, Whirlpool Corp.

A

Yeah, Michael. Overall, I think we're not at all nervous about the underlying growth of KitchenAid SDA. As Ludo pointed out earlier, even in the second quarter, the underlying self-through in retail was double digits. There was an inventory reduction, or you can also put it differently, there was a very sizable order which came late in the quarter. So we couldn't recognize it fully.

July is looking already very healthy and we feel very good about the July runway. So we're absolutely on track with KitchenAid SDA with the underlying sales growth. And we feel very confident about the full year guidance on revenues. But let me also – Ludo, maybe you want to add a little bit from a KitchenAid perspective.

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

A

Yeah, just a little extra color. We had growth internationally in terms of sell-through. That was in the very high teens. And that was also true in the US. So globally, you're looking at very high double digits, high teens, like I said, across the entire globe based on, in particular, our new product introductions, which have been received extremely well so far.

So that momentum building early in Q2 really bodes well for Q3 and the rest of the year. And as Marc said, this one-off situation in terms of inventory burn is going to correct itself in Q3. We're very bullish about what that's going to lead to.

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

Susan Maklari
Analyst, Goldman Sachs & Co. LLC

Q

Thank you. Good morning, everyone.

Marc Robert Bitzer
Chairman & Chief Executive Officer, Whirlpool Corp.

A

Hey, Susan.

Susan Maklari
Analyst, Goldman Sachs & Co. LLC

Q

My first question – good morning. My first question is around the new products and how you're thinking about innovation. As you see the success of the recent launches coming through and it seems like it's allowing you to not only maintain your share, but perhaps grow it, you're moving in line with the industry. How do you think about what that means in terms of future investments and innovation? And how are you balancing that relative to other needs for capital allocation?

Marc Robert Bitzer
Chairman & Chief Executive Officer, Whirlpool Corp.
A

Yes. Susan, I mean, first of all, just want to echo again what you already highlight and what we said also in the script. We feel really good about our products which we've launched in 2025, but also in 2026. So this was not just a onetime shot in 2025. 2025 was just an extraordinary amount of new product introductions.

I know we repeatedly pointed out to the KitchenAid suite, which is hugely successful, but you've all seen on like the laundry tower, the UV on the laundry. We have some really, really good products where I feel very good about it. And that obviously helps us offsetting other challenges which you may have on the promotion environment.

So we feel very good about the product introductions, and we will certainly not slow down. The important thing, I think, we highlighted this already in the last earnings call, despite the obvious challenges, we have not cut back our capital investments on products, period. We kept that. As a company, we're convinced our innovations are good. We will continue to feed the pipeline. And we have not cut back anything on capital investments on products, and we have no intention to do so.

Susan Maklari
Analyst, Goldman Sachs & Co. LLC
Q

Okay. All right. That's very encouraging. And then as you think about the cost takeout initiatives that you've announced and the way that they're sort of positioned across the footprint, can you talk a bit more about the opportunities to realize further efficiencies, how technology plays into that? And how we should think about ultimately where your sort of operational efficiencies can go over time?

Marc Robert Bitzer
Chairman & Chief Executive Officer, Whirlpool Corp.
A

Yeah, Susan. Let me maybe just try to simplify also what we put on certain slides. There's always ongoing cost takeout initiatives, either on the product redesign, which have a fairly quick turnaround, but also in the factories, we have put in a lot of investments about automatization. We put in investments to drive more vertical integration. That's particularly related to the plastics and what we do with the Perrysburg facility.

But then on top of that, and that is the – I think these were the big announcements in Q1 and Q2, fairly sizable factory footprint decisions. That impacts the Amana, where we basically reduce the overall volume and refocus the factory entirely on bottom-mount refrigeration. The second one was in particular related to the Argentina factory, which is a too expensive factory for us in that environment, and we basically consolidate that with our Brazil operations. And the third element is what we announced in Mexico, where we have today essentially two refrigeration factories, and we consolidate in one kind of big factory.

Obviously, we – it's typical for these footprint moves. They don't immediately give you a return one quarter later because they typically – this phase in and phase out may take anywhere between 6 to 12 months. But we have initiated them and that would structurally drive a much better cost position. But the major benefit of this one is actually in 2027. It's just the lead time it takes until you fully capture these benefits. But these footprint moves are very significant and will help us sustain our best cost position in North America and South America.

Ludovic Beaufils
Executive President, KitchenAid Small Appliances, LAR, Global Information Technology, and Design, Whirlpool Corp.
A

If I can add, Marc, maybe you mentioned the role of tech. We're also investing significantly in IT infrastructure, whether it is behind our direct-to-consumer platforms, which we are globalizing across the business units and the various regions, which drives efficiencies in the way that we go to market, as well as the enablement of AI for the transformation of our overall approach across the business.

Juan Carlos Puente
Executive President, NAR and Global Strategic Sourcing, Whirlpool Corp.
A

Just adding one more comment. This is Juan Carlos. Just so I will combine the two questions. So product innovation and capital allocation that we're doing, it's going to be to drive consumer meaningful innovation that can drive the top line and margin expansion, at the same time that we do automation and vertical integration to be able to drive the right cost to be able to sustain this. So they're basically to drive top line and cost.

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

Thanks. Two things. First of all, just a quick follow-up. On SDA, sell-through in the US in 2Q was 10% and Global was up 15% to 20%. I guess, I heard that right. Is that -seems like epic market share growth. Am I – did I hear that right?

Ludovic Beaufils
Executive President, KitchenAid Small Appliances, LAR, Global Information Technology, and Design, Whirlpool Corp.
A

No. Eric, what I mentioned, this is Ludo, is we were up high teens across the globe, and this was true of the US as well. The US was 16% POS growth, which does point to our margins...

Eric Bosshard
Analyst, Cleveland Research Co. LLC
Q

And that was notably above the market.

Ludovic Beaufils
Executive President, KitchenAid Small Appliances, LAR, Global Information Technology, and Design, Whirlpool Corp.
A

Exactly. It does point to market share gains. We saw those in terms of stand mixers and the mixing segment, as well as in some of the new product areas, meaning espresso, which is very dynamic industry in which we are gaining share, blenders as well we've been gaining share in.

Eric Bosshard
Analyst, Cleveland Research Co. LLC
Q

Okay. And then secondly, Marc, I appreciate you had kind of two-thirds of the promo price increase in the June quarter. And so you'll have all of that in the third quarter, in addition the list price increase that's coming, in addition the builder price increase that's coming. And then you mentioned some incremental promotions that can be a little bit of an offset.

I'm just curious, as we're now into 3Q, like, how is this playing out? And obviously, trying to get to the net impact of it, but how the consumers are responding to this pretty material incremental increase in price?

Marc Robert Bitzer
Chairman & Chief Executive Officer, Whirlpool Corp.

A

Yeah. Eric, so first of all, you're absolutely correct. These are the big three elements of our pricing. Again, the promo increase from Q2, the list pricing 4% in July and the builder, these are the big building blocks. What I refer to on promotion is just a basic promotion policy, which we already executed in Q2. We will participate when we think it drives a significant lift and a return on investment for us and the retailer.

That is not a changed policy, and we've demonstrated that in July 4. We only went two weeks on the promotion period as opposed to three weeks. And I think that basic policy is unchanged for Q3. Above and beyond this one is obviously we're not making any future pricing announcements. That would first be public and then we can talk about it. But if we stick to the promotional discipline, these three pricing elements, that's what gives us a lot of confidence for pricing in Q3 and Q4.

Operator: Your next question comes from the line of Shaun Calnan from Bank of America. Your line is open.

Shaun Calnan
Analyst, BofA Securities, Inc.

Q

Hi, guys. Thank you for taking my questions. So the price realization you're seeing is encouraging, but could you talk about what you're seeing from a mix standpoint? Are you starting to see trade-down? And then are the new product launches enough to offset those mix headwinds at this point?

Marc Robert Bitzer
Chairman & Chief Executive Officer, Whirlpool Corp.

A

Yeah. So I think first of all, I mean, I think it's important to remind ourselves we're still operating in North American environment which is largely a replacement of the rest market. That is just the simple reality. That is, if you largely operate in replacement market, the overall volume or what some people refer to price elasticity is very limited. If a washer or a refrigerator breaks down, people buy it.

What you do see, however, but this is nothing new, we experienced that in Q1 and Q2, that sometimes consumers stay on the same price points, i.e. they kind of – they don't want to spend more than $4.99 for a washer and they stay to that price point, which is a slight mix down. The offsetting element, which is more in our control, are the new products, which give you a mix up. So I think with the new products, we can certainly offset the negative impact, which sometimes come when you have overall price increases on the replacement mix.

Shaun Calnan
Analyst, BofA Securities, Inc.

Q

Okay. Great. And then I just had one on refunds. Are you seeing competitors hold on to IEEPA refunds or do you expect them to return those to their customers? And then just if there – is there any impact from the changing Section 232 dynamics that would impact that decision?

Marc Robert Bitzer
Chairman & Chief Executive Officer, Whirlpool Corp.

A

Yeah. I mean, obviously, I cannot speak for our competitors. I can only refer to what was publicly announced. And those competitors who gave more detailed statements on Q2, they largely recognized these benefits in Q2. That's what we've seen. So I would say, if at all, that would have been visible in Q2. So it's largely behind us.

As you relate to the new tariffs, I don't – particularly the Section 301 tariffs, I don't expect a major change in the tariff environment around us. I'll put it differently, the tariff expenses or costs which we had in Q2, we expect similar levels in Q3 and Q4, plus/minus.

Operator: Your next question comes from the line of Edward Magi from BNP Paribas. Your line is open.

Edward Magi
Analyst, BNP Paribas Exane

Q

Hey. Good morning, guys. Thanks for taking my questions.

Marc Robert Bitzer
Chairman & Chief Executive Officer, Whirlpool Corp.

A

Good morning.

Edward Magi
Analyst, BNP Paribas Exane

Q

So the first one, you held MDA LatAm margin steady for the guide, and my math would suggest that you might need to post second half margins potentially as high as 8% plus. So it would be helpful to hear about how you're viewing the sequential uplift from Q2 to Q3, and then for Q3 to Q4 as well, given the promotional environment you're seeing there.

Marc Robert Bitzer
Chairman & Chief Executive Officer, Whirlpool Corp.

A

Yeah. And again, we typically don't give Q3 or Q4 specific margin guidance, but I think you – particularly two big elements you have in the back half. First of all, as a very important reminder, our KitchenAid SDA business is a very seasonal business. So there's a lot coming in Q3 and Q4, so by definition, and that has not changed. We're basically having a step-up overall between Q1 and Q2 versus the second half from KitchenAid SDA profitability.

The other element is North America. As I pointed out earlier, between Q1 and Q2, we had very sizable step-up on the margin on the back of pricing. And we see and we do expect similar improvement in Q3 and Q4 in North America based on pricing and the additional cost actions.

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

A

If I may add, I think the question is also directed at LAR. So we're taking pricing pretty significantly in Brazil right now, which is really where we are turning the tide from a margin standpoint. The rest of the continent has actually been performing really well.

So in Brazil specifically, we're taking pricing and we're doing that on the back of really strong brands and really strong new product introductions that happened earlier this year that are continuing to roll through Q3 and the earlier part of Q4. So a little bit similar to the conversation for North America, you'll see pricing take hold progressively as we move through the quarter. It's already effective from a direct-to-consumer standpoint, but it was announced to be effective August 1 from a retail perspective. So it's going to take a little bit of time to kind of seed through the quarter in Q3 and then expand fully into Q4. And then on the cost side, also a bit of a progression sequentially from Q2 to Q3 to Q4 as we take fixed cost and variable cost out of the overall P&L.

Marc Robert Bitzer
Chairman & Chief Executive Officer, Whirlpool Corp.

A

Thanks, Ludo. And sorry, Ed, for misunderstanding your question. I thought you referred to the overall company as opposed to Latin America. I apologize.

Edward Magi
Analyst, BNP Paribas Exane

Q

No worries. Color on both segments is helpful either way. So I appreciate that. And then, yeah, just as a brief follow-up, I'm curious if you could quantify the amount from the Brazilian tax tailwind in the quarter. I'm not sure if I had missed that on the call or anywhere else.

Roxanne Warner
Chief Financial Officer & Executive Vice President, Whirlpool Corp.

A

So, hi, Ed. This is Roxanne. In terms of the Brazil tax, we did get a meaningful benefit as it relates to the tax, which we have mentioned both in the presentation as well as on the script. I would say the net impact is roughly $14 million. We had some puts and takes, but overall net would be around $14 million.

Operator: Your next question comes from the line of Jeffrey Stevenson from Loop Capital. Your line is open.

Jeffrey Patrick Stevenson
Analyst, Loop Capital Markets LLC

Q

Yeah. Hey. Thanks for taking my questions today. It's been several months since the changes in the Section 232 valuation. And I wondered if the steady improvement in competitive pricing and the challenging residential backdrop through July gives you confidence that the industry has become more rational from a pricing and promotional standpoint moving forward.

Marc Robert Bitzer
Chairman & Chief Executive Officer, Whirlpool Corp.

A

Yeah, Jeffrey. It's. Marc. So first of all, you're correct, but Section 232 is now kind of – the final change of Section 232 is now a couple of months in the market. So as such, we've seen stabilization. It's very important thing, however, to note also what we did on pricing is not just tariff-related. It's also related to inflation, which we have been facing over the last two or three years. So it's a compound effect on tariff and the base inflation cost.

I think what we're seeing right now is people pass on the real costs of the products to the market. And that's what we're doing. We have a real cost and we pass it on to the market. If you call that rational environment, yes, that's what it is. And I would also expect, keep also in mind that the costs for tariffs for us are lower on a relative basis than for our competitors.

So put it differently, our competitors will feel the impact of tariffs significantly more than we do. But I can only speculate about their pricing and that's their job to do. But I would say overall, as an industry in the long term, people are expected to reflect cost in the product pricing.

Jeffrey Patrick Stevenson
Analyst, Loop Capital Markets LLC

Q

Understood. Thanks, Marc. And then can you discuss the decision to consolidate regional distribution centers and return centers and what factors were considered in the 25% reduction that'll be closed or consolidated? And then on top of that, how we should think about the timing of the expected $60 million in annualized EBIT benefit?

Marc Robert Bitzer
Chairman & Chief Executive Officer, Whirlpool Corp.

A

Yeah, Jeffrey. I mean, first of all, it's maybe more of a broader audience. Essentially as a company, you have three type of distribution centers. You have a factory distribution center, you have this big regional distribution center, and then you have the local distribution centers. I would say, by definition, we probably have the tightest net of local distribution center of anybody in the industry.

And what you do when you make these local distribution decisions, you basically – on one hand, you want to be close to the customer in a physical distance. But what you also got to recognize, the more distribution centers you have, you basically spread your inventory pretty thin, which doesn't help on availability. So we're kind of dialing back in terms of still being very close physical to the customer. As you heard before, 97% of our customers are within 100 miles.

But with a reduction of a distribution center, it actually will help us our availability, and at the same time, obviously, will help the operating costs from local distribution centers. So actually, that's what – call it a rebalancing. We still have a super, super well covered local distribution center, but I think the outcome will be lower cost and better availability.

I think that was the last question which we had on the call. So first of all, I want to thank you all for participating in today's call. Again, as a reminder, and hopefully you heard that today, we actually feel pretty good about where we are for Q2. We had incremental margin improvement between Q1 and Q2. Our pricing work, in particular in North America, sticks. We announced additional pricing also in Latin America.

We talked a lot about new products and we feel very good about the new products. But we all recognize we still have a step-up in front of us for Q3 and Q4. But I hopefully – you heard today, we feel kind of encouraged by what we've seen in Q2 and we will continue on the path of incremental margin improvement.

So thank you all for joining us and have a wonderful day.

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