



**GAAP RECONCILIATIONS
2019 ANNUAL REPORT**

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES:

We supplement the reporting of our financial information determined under U.S. generally accepted accounting principles (GAAP) with certain non-GAAP financial measures, some of which we refer to as "ongoing" measures, including earnings before interest and taxes (EBIT), EBIT margin, ongoing EBIT, ongoing EBIT margin, ongoing earnings, ongoing earnings per diluted share, organic net sales, return on invested capital (ROIC), adjusted effective tax rate, sales excluding currency and free cash flow. Ongoing measures exclude items that may not be indicative of, or are unrelated to, results from our ongoing operations and provide a better baseline for analyzing trends in our underlying businesses. Sales excluding foreign currency is calculated by translating the current period net sales, in functional currency, to U.S. dollars using the prior-year period's exchange rate compared to the prior-year period net sales. Management believes that sales excluding foreign currency provides stockholders with a clearer basis to assess our results over time, excluding the impact of exchange rate fluctuations. Management believes that organic net sales provides stockholders with a clearer basis to assess our results over time, excluding the impact of exchange rate fluctuations and divestitures. Management believes that free cash flow provides investors and stockholders with a relevant measure of liquidity and a useful basis for assessing the company's ability to fund its activities and obligations. The Company provides free cash flow related metrics, such as free cash flow as a percentage of net sales, as long-term management goals, not an element of its annual financial guidance, and as such does not provide a reconciliation of free cash flow to cash provided by (used in) operating activities, the most directly comparable GAAP measure, for these long-term goal metrics. Whirlpool does not provide a non-GAAP reconciliation for its other forward-looking long-term value creation and other goals, such as organic net sales, EBIT, and gross debt/EBITDA, as such reconciliation would rely on market factors and certain other conditions and assumptions that are outside of the company's control. Any such reconciliation would rely on market factors and certain other conditions and assumptions that are outside of the company's control. Management believes Return on Invested Capital (ROIC) represents an important measure of capital efficiency, which is considered a key driver of sustainable stockholder value creation. We believe that these non-GAAP measures provide meaningful information to assist investors and stockholders in understanding our financial results and assessing our prospects for future performance, and reflect an additional way of viewing aspects of our operations that, when viewed with our GAAP financial measures, provide a more complete understanding of our business. Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-GAAP financial measures having the same or similar names. These ongoing financial measures should not be considered in isolation or as a substitute for reported net earnings available to Whirlpool per diluted share, net earnings, net earnings available to Whirlpool, net earnings margin, net sales, effective tax rate and cash provided by (used in) operating activities, the most directly comparable GAAP financial measures. We also disclose segment EBIT and ongoing segment EBIT as important financial metrics used by the Company's Chief Operating Decision Maker to evaluate performance and allocate resources in accordance with ASC 280 - Segment Reporting. GAAP net earnings available to Whirlpool per diluted share and ongoing earnings per diluted share are presented net of tax, while individual adjustments in each reconciliation are presented on a pre-tax basis; the income tax impact line item aggregates the tax impact for these adjustments. The tax impact of individual line item adjustments may not foot precisely to the aggregate income tax impact amount, as each line item adjustment may include non-taxable components. Historical quarterly earnings per share amounts are presented based on a normalized tax rate adjustment to reconcile quarterly tax rates to full-year tax rate expectations. We strongly encourage investors and stockholders to review our financial statements and publicly-filed reports in their entirety and not to rely on any single financial measure.

ONGOING EARNINGS BEFORE INTEREST AND TAXES:

The reconciliation provided below reconciles the non-GAAP financial measure ongoing EBIT with the most directly comparable GAAP financial measure, net earnings available to Whirlpool, for the twelve months ended December 31, 2019, 2018, and 2017. Ongoing EBIT margin is calculated by dividing ongoing EBIT by net sales (or, for 2017, ongoing net sales). Ongoing net sales excludes \$(32) million primarily related to an adjustment for trade promotion accruals in 2017. EBIT margin is calculated by dividing EBIT by net sales.

Ongoing Earnings Before Interest & Taxes (EBIT) Reconciliation <i>in millions</i>	Twelve Months Ended December 31,		
	2019	2018	2017
Net earnings (loss) available to Whirlpool	\$1,184	\$(183)	\$350
Net earnings (loss) available to noncontrolling interests	14	24	(13)
Income tax expense	354	138	550
Interest expense	187	192	162
Earnings before interest & taxes	\$1,739	\$171	\$1,049
Restructuring expense ^(a)	188	247	275
Out-of-period adjustment ^(b)	—	—	40
France antitrust settlement ^(c)	—	103	—
Impairment of goodwill and intangibles ^(d)	—	747	—
Trade customer insolvency ^(e)	—	30	—
Divestiture related transition costs ^(f)	—	21	—
Brazil indirect tax credit ^(g)	(180)	—	—
(Gain) on sale and disposal of businesses ^(h)	(437)	—	—
Product warranty and liability expense ⁽ⁱ⁾	131	—	—
Sale leaseback, real estate and receivable adjustments ^(j)	(86)	—	—
Trade customer insolvency claim settlement ^(k)	59	—	—
Ongoing EBIT	\$1,414	\$1,319	\$1,364

ONGOING EARNINGS PER DILUTED SHARE:

The reconciliation provided below reconciles the non-GAAP financial measure of ongoing earnings per diluted share with the most directly comparable GAAP financial measure, net earnings per diluted share available to Whirlpool, for the twelve months ended December 31, 2019, 2018 and 2017. The earnings per diluted share GAAP measure and ongoing business measure are presented net of tax, while each adjustment is presented on a pre-tax basis. The aggregate income tax impact of the taxable components of each adjustment is presented in the income tax impact line item at our 2019, 2018, and 2017 full-year tax rates of 15.3%, 6.6%, and 14.7%, respectively.

	Earnings per Diluted Share		
	Twelve Months Ended December 31,		
	2019	2018	2017
Reported GAAP measure	\$18.45	\$(2.72)	\$4.70
Restructuring expense ^(a)	2.93	3.68	3.70
Out-of-period adjustment ^(b)	—	—	0.27
France antitrust settlement ^(c)	—	1.53	—
Impairment of goodwill and intangibles ^(d)	—	11.11	—
Trade customer insolvency ^(e)	—	0.45	—
Divestiture related transition costs ^(f)	—	0.32	—
Brazil indirect tax credit ^(g)	(2.80)	—	—
(Gain) on sale and disposal of businesses ^(h)	(6.79)	—	—
Product warranty and liability expense ⁽ⁱ⁾	2.04	—	—
Sale leaseback, real estate and receivable adjustments ⁽ⁱ⁾	(1.34)	—	—
Trade customer insolvency claim settlement ^(k)	0.92	—	—
Income tax impact	0.75	(0.29)	(0.56)
Normalized tax rate adjustment ^(l)	1.84	1.25	5.63
Share adjustment*	—	(0.17)	—
Ongoing measure	\$16.00	\$15.16	\$13.74

*As a result of our 2018 full-year GAAP earnings loss, the impact of antidilutive shares was excluded from the loss per share calculation on a GAAP basis. The share count adjustment used in the calculation of the full year ongoing earnings per diluted share includes the full-year weighted average basic shares outstanding of 67.2 million plus the impact of antidilutive shares of 0.7 million which were excluded on a GAAP basis.

FREE CASH FLOW:

As defined by the company, free cash flow is cash provided by operating activities after capital expenditures, proceeds from the sale of assets and businesses and changes in restricted cash. The reconciliation provided below reconciles twelve months ended December 31, 2019, 2018 and 2017 free cash flow with cash provided by (used in) operating activities, the most directly comparable GAAP financial measure.

<i>(millions of dollars)</i>	Twelve Months Ended		
	2019	2018	2017
Cash provided by (used in) operating activities	\$1,230	\$1,229	\$1,264
Capital expenditures, proceeds from sale of assets/ businesses and change in restricted cash*	682	(376)	(557)
Repayment of term loan	(1,000)	—	—
Free cash flow	\$912	\$853	\$707
Cash provided by (used in) investing activities	636	(399)	(721)
Cash provided by (used in) financing activities	(1,424)	(518)	(553)

*The change in restricted cash relates to the private placement funds paid by Whirlpool to acquire majority control of Whirlpool China (formerly Hefei Sanyo) and which are used to fund capital and technical resources to enhance Whirlpool China's research and development and working capital, as required by the terms of the Whirlpool China acquisition completed in October 2014.

FOOTNOTES:

- a. **RESTRUCTURING EXPENSE** - During the fourth quarter of 2014, we completed the acquisition of Indesit S.p.A., which, due to its size, materially changed our European footprint. In 2017, these costs are primarily related to Indesit restructuring and creating a more streamlined and efficient European operation, and also relate to certain other unique restructuring events. In 2018, these costs are primarily related to Indesit restructuring, an Embraco plant closure in Italy, and certain other unique restructuring events. In 2019, these costs are primarily related to actions that right-size our EMEA business and certain other unique restructuring events, including restructuring of the Naples, Italy manufacturing plant.
- b. **OUT-OF-PERIOD ADJUSTMENT** – During 2017, we finalized our prior period recorded adjustments in our Asia operating segment primarily related to out-of-period trade promotion accruals. The 2017 total impact of these out-of-period adjustments was a decrease to net sales of approximately \$35 million and an increase to other operating expenses of approximately \$8 million, before tax. These adjustments resulted in a decrease to net earnings available to Whirlpool of approximately \$16 million and a decrease of \$0.22 in diluted earnings per share.
- c. **FRANCE ANTITRUST SETTLEMENT** - In 2013, the French Competition Authority ("FCA") commenced an investigation of appliance manufacturers and retailers, including Whirlpool and Indesit operations in France. With respect to the first part of the investigation, in the fourth quarter of 2018, the final settlement was approved by the FCA's college of commissioners in the amount of approximately \$122 million, with approximately \$19 million of the total settlement to be paid by the previous owner of Indesit to the Company. The Company paid final settlement amounts in 2019.
- d. **IMPAIRMENT OF GOODWILL AND INTANGIBLES** - During the second quarter of 2018, we performed a quantitative assessment of the EMEA region's goodwill and intangible assets for impairment. Based on a third-party valuation, we concluded that fair value of equity did not exceed its carrying value and therefore goodwill and intangible assets were impaired. The impact of this impairment was \$168 million to intangible assets and \$579 million to goodwill in the second quarter of 2018.
- e. **TRADE CUSTOMER INSOLVENCY** - During the third quarter of 2018, the Company recognized bad debt expense related to trade customer insolvency of a U.S. retailer and a Brazilian retailer, in the amount of approximately \$17 million and \$12 million, respectively. During the fourth quarter of 2018, the Company recognized an additional bad debt expense related to the Brazilian retailer in the amount of approximately \$14 million, and a reduced bad debt expense related to the U.S. retailer in the amount of approximately \$13 million.
- f. **DIVESTITURE RELATED TRANSITION COSTS** - During the fourth quarter of 2018, the Company recognized transition costs of \$21 million associated with the sale of its Embraco compressor business. During the first and second quarter of 2019, the Company recognized additional transition costs of \$6 million and \$11 million, respectively. In the third quarter of 2019, the Company reclassified approximately \$17 million of first half 2019 divestiture related transition costs into "(Gain) loss on sale and disposal of businesses" to fully reflect the net impact from the gain on the sale of the Embraco compressor business.
- g. **BRAZIL INDIRECT TAX CREDIT** - During the first half of 2019, the Company received favorable, non-appealable decisions related to the recovery of certain taxes previously paid over gross sales. As a result, the Company recorded a gain in interest and sundry (income) expense during the first and second quarter of 2019 in the amount of \$127 million and \$53 million, respectively, in connection with these decisions.

- h. **(GAIN) LOSS ON SALE AND DISPOSAL OF BUSINESSES** - During the second quarter of 2019, the Company entered into an agreement to sell its South Africa operations. As a result, the Company recorded a charge of \$35 million for the write-down of the assets of the disposal group to fair value and \$33 million of cumulative foreign currency translation adjustments included in the carrying amount of the disposal group to calculate the impairment. The Company also incurred charges of approximately \$11 million, primarily inventory liquidation costs, related to the exit of our domestic sales operations in Turkey. Total charges recorded in the second quarter of 2019 were approximately \$79 million. During the third quarter of 2019, changes in working capital accounts and currency translation adjustments resulted in the Company reducing the amount of loss by approximately \$5 million. On July 1, 2019 the Company closed the sale of the Embraco compressor business. As a result, the Company recorded a gain, before taxes, of approximately \$511 million. Included in this amount are closing costs related to the sale and previously disclosed divestiture related transition costs. To report the full gain amount as net of these costs, the Company reclassified previously disclosed divestiture related transition costs from their original accounts into the account for the gain. Approximately \$14 million of previously disclosed charges were reclassified out of "Selling, general and administrative" into "(Gain) loss on sale and disposal of businesses." Approximately \$3 million of previously disclosed charges were reclassified out of "Interest and sundry (income) expense" into "(Gain) loss on sale and disposal of businesses." During the third quarter of 2019, the Company incurred approximately \$17 million of additional divestiture related transition costs, resulting in a year-to-date total of approximately \$34 million, which are fully reflected in the gain, before taxes, of approximately \$511 million.
- i. **PRODUCT WARRANTY AND LIABILITY EXPENSE** - In September 2015, the Company recorded a liability related to a corrective action affecting certain legacy Indesit dryer products. During the second and third quarters of 2019, the Company incurred additional product warranty expense related to our previously disclosed legacy Indesit dryer corrective action campaign in the UK for approximately \$12 million and \$14 million, respectively. In the third quarter of 2019, the Company recorded a charge of approximately \$105 million for estimated product warranty expense related to certain EMEA-produced washers for which the Company commenced a recall in January 2020.
- j. **SALE LEASEBACK, REAL ESTATE AND RECEIVABLE ADJUSTMENTS** - In the fourth quarter of 2019, the Company sold certain owned properties, primarily warehouses, while agreeing to lease these same properties from the purchaser. As part of the sale, the Company recognized a pre-tax gain on sale of the group of properties of approximately \$111M and a cash benefit of approximately \$140M. In addition, the Company wrote-off the full loan receivable amount outstanding of approximately \$18M related to a previous loan between the Company and a not-for-profit entity in connection with a community and economic development project. The Company also wrote-down the book value of certain real estate properties, recognizing a loss of approximately \$7M.
- k. **TRADE CUSTOMER INSOLVENCY CLAIM SETTLEMENT** - In 2017, Alno AG and certain affiliated companies filed for insolvency protection in Germany. Bauknecht Hausgeräte GmbH, a subsidiary of the Company, was a long-standing supplier to Alno and certain of its affiliated companies. The Company was also a former indirect minority shareholder of Alno. In August 2018, the insolvency trustee asserted €174.5 million in clawback and related claims against Bauknecht. In January 2020, we entered into an agreement with the insolvency trustee to settle all potential claims that the insolvency trustee may have related to this matter, resulting in a one-time charge of €52.75 million (\$59 million as of December 31, 2019).
- l. **NORMALIZED TAX RATE ADJUSTMENT** - Our 2019 normalized tax rate excludes the tax impact of the gain on sale of the Embraco business, a valuation allowance release and the Brazil indirect tax credit. The Company's 2018 normalized tax rate excludes the tax impact of impairment of goodwill and intangibles of \$747 million, the France antitrust settlement charge of \$103 million and the impact of U.S. tax reform of \$95 million. Normalized tax rate adjustment for full-year 2017 includes a one-time non-cash charge of approximately \$420 million related to tax reform.

ORGANIC NET SALES:

The reconciliation provided below reconciles the non-GAAP financial measure organic net sales with reported net sales, for the twelve months ended December 31, 2019 and December 31, 2018 for the Company.

	Twelve Months Ended		Change
	2019	2018	
Net sales	\$ 20,419	\$ 21,037	(2.9)%
Less: Embraco net sales	(635)	(1,135)	
Add-Back: currency	430	—	
Organic net sales	<u>\$ 20,214</u>	<u>\$ 19,902</u>	1.6 %

RETURN ON INVESTED CAPITAL:

The reconciliation provided below compares the non-GAAP financial measure Return on Invested Capital (ROIC) with the most directly comparable GAAP financial measure, Return on Assets (ROA), for the 12 months ended December 31, 2019, 2018 and 2017. The Company selected ROIC because it represents an important measures of capital efficiency, which is considered a key driver of sustainable stockholder value creation. The Company defines ROIC as ongoing EBIT after taxes divided by total invested capital, defined as total assets less non-interest bearing current liabilities (NIBCLS). NIBCLS is defined as current liabilities less current maturities of long-term debt and notes payable. This ROIC definition may differ from other companies' methods and therefore may not be comparable to those used by other companies.

	Twelve Months Ended December 31,		
	2019	2018	2017
Net earnings (loss) available to Whirlpool	\$ 1,184	\$ (183)	\$ 350
Total assets ⁽¹⁾	18,881	18,347	20,038
Return on assets (ROA)	6.3%	(1.0%)	1.7%
Ongoing earnings before interest and taxes ⁽²⁾	\$ 1,414	\$ 1,319	\$ 1,364
Taxes at 24% tax rate ⁽³⁾	339	317	327
Ongoing earnings before interest after taxes	\$1,075	\$1,002	\$1,037
Total assets ⁽¹⁾	18,881	18,347	20,038
Current liabilities	(8,369)	(9,678)	(8,505)
Current maturities of long-term debt	559	947	376
Notes payable	294	1,034	450
Total invested capital	\$11,365	\$10,650	\$12,359
Return on invested capital (ROIC)	9.5%	9.4%	8.4%

⁽¹⁾ ROIC includes Right of Use assets based on the January 1, 2019 adoption of ASU No. 2016-02 accounting standard

⁽²⁾ The reconciliation provided on page 34 of our 2019 10-K reconciles the non-GAAP financial measure ongoing earnings before interest and taxes, with the most directly comparable GAAP financial measure, net earnings available to Whirlpool.

⁽³⁾ Taxes are calculated at a flat 24% tax rate to enable standard, consistent comparisons across years and remove variability of tax credits, allowances, incentives and other tax related items that can fluctuate on an annual basis.