



# Whirlpool

CORPORATION

Supplemental Information  
Third-Quarter 2017  
October 23, 2017

## CONSOLIDATED FINANCIAL STATEMENTS RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

(Millions of dollars except per share data)  
(Unaudited)

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 ongoing operating profit (loss), ongoing operating margin, earnings before interest and taxes (EBIT), EBIT margin, ongoing EBIT, ongoing EBIT margin, ongoing earnings, ongoing earnings per diluted share, ongoing segment operating profit (loss), ongoing segment operating margin, sales excluding currency, ongoing net sales 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 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. Any such reconciliation would rely on market factors and certain other conditions and assumptions that are outside of the company's control. 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 operating profit (loss), net earnings available to Whirlpool per diluted share, net earnings, net earnings available to Whirlpool, net sales, reported operating profit (loss) by segment, and cash provided by (used in) operating activities, the most directly comparable GAAP financial measures. 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. Prior-period comparisons have been recast to reflect the tax impact of adjustments as a single adjustment. 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.

Note that the supplemental information included pertains to disclosures for the quarter in which it is issued.

### Third-Quarter 2017 Ongoing Operating Profit, Ongoing Earnings Before Interest and Taxes and Ongoing Earnings per Diluted Share

The reconciliation provided below reconciles the non-GAAP financial measures ongoing operating profit, ongoing earnings before interest and taxes and ongoing earnings per diluted share, with the most directly comparable GAAP financial measures, operating profit, net earnings available to Whirlpool and net earnings per diluted share available to Whirlpool, for the three months ended September 30, 2017. Ongoing operating margin is calculated by dividing ongoing operating profit (loss) by net sales. Ongoing EBIT margin is calculated by dividing ongoing EBIT by net sales. The earnings per diluted share GAAP measure and ongoing 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 third-quarter adjusted effective tax rate of 9.7%.

	<b>Three Months Ended</b>		
	<b>September 30, 2017</b>		
	Operating profit	Earnings before interest & taxes <sup>(1)</sup>	Earnings per diluted share
Reported GAAP measure	\$ 331	\$ 310	\$ 3.72
Restructuring expense <sup>(a)</sup>	45	45	0.61
Income tax impact	—	—	(0.06)
Normalized tax rate adjustment <sup>(b)</sup>	—	—	(0.44)
Ongoing measure	<u>\$ 376</u>	<u>\$ 355</u>	<u>\$ 3.83</u>

#### Earnings Before Interest & Taxes Reconciliation:

Net earnings available to Whirlpool	\$ 276
Net earnings (loss) available to noncontrolling interests	(4)
Income tax expense (benefit)	(4)
Interest expense	42
Earnings before interest & taxes <sup>(1)</sup>	<u>\$ 310</u>

### Third-Quarter 2016 Ongoing Operating Profit, Ongoing Earnings Before Interest and Taxes and Ongoing Earnings per Diluted Share

The reconciliation provided below reconciles the non-GAAP financial measures ongoing operating profit, ongoing earnings before interest and taxes and ongoing earnings per diluted share, with the most directly comparable GAAP financial measures, operating profit, net earnings available to Whirlpool and net earnings per diluted share available to Whirlpool, for the three months ended September 30, 2016. Ongoing operating margin is calculated by dividing ongoing operating profit by net sales. Ongoing EBIT margin is calculated by dividing ongoing EBIT by net sales. The earnings per diluted share GAAP measure and ongoing 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 third-quarter adjusted effective tax rate of 16.0%.

	<b>Three Months Ended September 30, 2016</b>		
	Operating profit	Earnings before interest & taxes <sup>(1)</sup>	Earnings per diluted share
Reported GAAP measure <sup>(c)</sup>	\$374	\$344	\$3.10
Restructuring expense <sup>(a)</sup>	29	29	0.37
Acquisition related transition costs	14	14	0.19
Legacy product warranty and liability expense	—	1	0.01
Income tax impact	—	—	(0.09)
Normalized tax rate adjustment <sup>(b)</sup>	—	—	0.08
Ongoing measure	<u>\$417</u>	<u>\$388</u>	<u>\$3.66</u>

#### Earnings Before Interest & Taxes Reconciliation:

Net earnings available to Whirlpool	\$ 238
Net earnings available to noncontrolling interests	6
Income tax expense (benefit)	61
Interest expense	39
Earnings before interest & taxes <sup>(1)</sup>	<u>\$ 344</u>

### Third-Quarter 2017 Ongoing Segment Operating Profit (Loss)

The reconciliation provided below reconciles the non-GAAP financial measure ongoing segment operating profit (loss) with the most directly comparable GAAP financial measure, reported segment operating profit (loss), for the three months ended September 30, 2017. Ongoing segment operating margin is calculated by dividing ongoing operating profit (loss) by ongoing segment net sales.

	<b>Three Months Ended</b>		
	<b>September 30, 2017</b>		
	Segment operating profit (loss)	Restructuring expense <sup>(a)</sup>	Ongoing segment operating profit (loss)
North America	\$ 350	\$ —	\$ 350
EMEA	11	—	11
Latin America	53	—	53
Asia	2	—	2
Other/Eliminations	(85)	45	(40)
<b>Total Whirlpool Corporation</b>	<b>\$ 331</b>	<b>\$ 45</b>	<b>\$ 376</b>

### Third-Quarter 2016 Ongoing Segment Operating Profit (Loss)

The reconciliation provided below reconciles the non-GAAP financial measure ongoing segment operating profit (loss) with the most directly comparable GAAP financial measure, reported segment operating profit (loss), for the three months ended September 30, 2016. Ongoing segment operating margin is calculated by dividing ongoing segment operating profit (loss) by segment net sales.

	<b>Three Months Ended September 30, 2016</b>			
	Segment operating profit (loss) <sup>(c)</sup>	Restructuring expense <sup>(a)</sup>	Acquisition related transition costs	Ongoing segment operating profit (loss)
North America	\$ 346	\$ —	\$ —	\$ 346
EMEA	40	—	8	48
Latin America <sup>(c)</sup>	46	—	—	46
Asia	15	—	2	17
Other/Eliminations <sup>(c)</sup>	(73)	29	4	(40)
<b>Total Whirlpool Corporation</b>	<b>\$ 374</b>	<b>\$ 29</b>	<b>\$ 14</b>	<b>\$ 417</b>

Note: Numbers may not reconcile due to rounding

## Full-Year 2017 Ongoing Operating Profit, Ongoing Earnings Before Interest and Taxes and Ongoing Earnings per Diluted Share

The reconciliation provided below reconciles the non-GAAP financial measures ongoing operating profit, ongoing earnings before interest and taxes and ongoing earnings per diluted share, with the most directly comparable GAAP financial measures, operating profit, net earnings available to Whirlpool and net earnings per diluted share available to Whirlpool, for the twelve months ending December 31, 2017. Ongoing operating margin is calculated by dividing ongoing operating profit (loss) by ongoing net sales. Ongoing EBIT margin is calculated by dividing ongoing EBIT by ongoing net sales. Ongoing net sales excludes \$(32) million primarily related to an adjustment for trade promotion accruals in prior periods. The earnings per diluted share GAAP measure and ongoing 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 anticipated full-year tax rate of approximately 16%.

	<b>Twelve Months Ending December 31, 2017</b>		
	Operating profit	Earnings before interest & taxes <sup>(1)</sup>	Earnings per diluted share
Reported GAAP measure	\$1,255 - 1,285	\$1,145 - 1,175	\$11.10 - 11.40
Restructuring expense(a)	200	200	2.66
Out-of-period adjustment <sup>(d)</sup>	40	40	0.27
Income tax impact	—	—	(0.45)
Ongoing measure	<u>\$1,495 - 1,525</u>	<u>\$1,385 - 1,415</u>	<u>13.60 - 13.90</u>

(1) Earnings Before Interest & Taxes (EBIT) is a non-GAAP measure. Whirlpool does not provide a forward-looking quantitative reconciliation of EBIT to the most directly comparable GAAP financial measure, net earnings available to Whirlpool, because the net earnings available to noncontrolling interests item of such reconciliation -- which has historically represented a relatively insignificant amount of Whirlpool's overall net earnings -- implicates Whirlpool's projections regarding the earnings of Whirlpool's non wholly-owned subsidiaries and joint ventures that cannot be quantified precisely or without unreasonable efforts.

Note: Numbers may not reconcile due to rounding.



## Full-Year 2016 Ongoing Operating Profit, Ongoing Earnings Before Interest and Taxes and Ongoing Earnings per Diluted Share

The reconciliation provided below reconciles the non-GAAP financial measures ongoing operating profit, ongoing earnings before interest and taxes and ongoing earnings per diluted share, with the most directly comparable GAAP financial measures, operating profit, net earnings available to Whirlpool and net earnings per diluted share available to Whirlpool, for the twelve months ended December 31, 2016. Ongoing operating margin is calculated by dividing ongoing operating profit by net sales. Ongoing EBIT margin is calculated by dividing ongoing EBIT by net sales. The earnings per diluted share GAAP measure and ongoing 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 full-year tax rate of 16.6%.

	<b>Twelve Months Ended December 31, 2016</b>		
	Operating profit	Earnings before interest & taxes <sup>(1)</sup>	Earnings per diluted share
Reported GAAP measure <sup>(c)</sup>	\$ 1,368	\$ 1,275	\$ 11.50
Restructuring expense <sup>(a)</sup>	173	173	2.24
Acquisition related transition costs	82	86	1.11
Legacy product warranty and liability expense	3	(23)	(0.30)
Income tax impact	—	—	(0.49)
Ongoing measure	<u>\$ 1,626</u>	<u>\$ 1,511</u>	<u>\$ 14.06</u>

### Earnings Before Interest & Taxes Reconciliation:

Net earnings available to Whirlpool	\$ 888
Net earnings (loss) available to noncontrolling interests	40
Income tax expense (benefit)	186
Interest expense	161
Earnings before interest & taxes <sup>(1)</sup>	<u>\$ 1,275</u>



## Full-Year 2016 Ongoing Segment Operating Profit (Loss)

The reconciliation provided below reconciles the non-GAAP financial measure ongoing segment operating profit (loss) with the most directly comparable GAAP financial measure, reported segment operating profit (loss), for the twelve months ended December 31, 2016. Ongoing segment operating margin is calculated by dividing ongoing segment operating profit (loss) by segment net sales.

### Twelve Months Ended December 31, 2016

	Segment operating profit (loss) <sup>(c)</sup>	Restructuring Expense <sup>(a)</sup>	Acquisition Related Transition Costs	Legacy Product Warranty and Liability Expense	Ongoing segment operating profit (loss)
North America	\$ 1,285	\$ —	\$ —	\$ 3	\$ 1,288
EMEA	158	—	53	—	211
Latin America <sup>(c)</sup>	210	—	—	—	210
Asia	74	—	18	—	92
Other/Eliminations <sup>(c)</sup>	(359)	173	11	—	(175)
<b>Total Whirlpool Corporation</b>	<b>\$ 1,368</b>	<b>\$ 173</b>	<b>\$ 82</b>	<b>\$ 3</b>	<b>\$ 1,626</b>

## 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. 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.
- b. **NORMALIZED TAX RATE ADJUSTMENT** - During the third quarter of 2017, we calculated ongoing diluted EPS using an adjusted tax rate of 9.7%. We anticipate a 2017 full-year effective tax rate of approximately 16%. During the third quarter of 2016, we made an adjustment to ongoing diluted EPS to reconcile specific items reported to our anticipated full-year effective tax rate of 19%.
- c. **ADOPTION OF NEW ACCOUNTING STANDARDS** - In 2017, the FASB issued ASU No. 2017-07, "Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost". The guidance in ASU 2017-07 requires that the service cost component of net periodic benefit cost for pension and postretirement benefits is recorded in the same income statement line items as other employee compensation costs arising from services rendered during the period. Service cost is included in cost of products sold and selling, general and administrative expense. The other components of net periodic pension cost and postretirement benefits cost (other components of net periodic cost) are recorded in interest and sundry (income) expense in 2017. We retrospectively adopted the new accounting standard. As of September 30, 2017 the reclassification of other components of net periodic cost, from cost of products sold and selling, general and administrative expense to interest and sundry (income) expense was immaterial. For the full year ended December 31, 2016, the reclassification of other components of net periodic cost, from cost of products sold and selling, general and administrative expense to interest and sundry (income) expense was approximately \$14 million. For the three months ended September 30, 2016, the reclassification of other components of net periodic cost, from cost of products sold and selling, general and administrative expense to interest and sundry (income) expense was approximately \$4 million.
- d. **OUT-OF-PERIOD ADJUSTMENT** - During the third quarter of 2017, we finalized our prior period recorded adjustments in our Asia operating segment primarily related to trade promotions, and increased accruals by \$3 million. We determined this impact to be immaterial and have made no further adjustments to ongoing earnings. 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.

## Free Cash Flow

As defined by the company, free cash flow is cash provided by (used in) operating activities after capital expenditures, proceeds from the sale of assets and businesses and changes in restricted cash. The reconciliation provided below reconciles nine months ended September 30, 2017 and 2016 and projected full-year 2017 free cash flow with cash provided by (used in) operating activities, the most directly comparable GAAP financial measure. Free cash flow as a percentage of net sales is calculated by dividing free cash flow by net sales.

<i>(millions of dollars)</i>	<b>Nine Months Ended September 30,</b>		
	<b>2017</b>	<b>2016</b>	<b>2017 Outlook</b>
Cash provided by (used in) operating activities	\$ (33)	\$ (175)	\$1,550 - \$1,600
Capital expenditures, proceeds from sale of assets/businesses and change in restricted cash*	(315)	(291)	(650) - (700)
<b>Free cash flow</b>	<b>\$ (348)</b>	<b>\$ (466)</b>	<b>~\$900</b>
Cash used in investing activities**	\$ (349)	\$ (303)	
Cash provided by financing activities**	\$335	\$729	

\*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 Hefei Sanyo acquisition completed in October 2014.

\*\*Financial guidance on a GAAP basis for cash provided by (used in) financing activities and cash provided by (used in) investing activities has not been provided because in order to prepare any such estimate or projection, the company would need to rely on market factors and certain other conditions and assumptions that are outside of its control.

## 2017 GUIDANCE COMPONENTS

<b>(in millions)</b>	<b>2017E</b>	<b>2016A</b>
Restructuring Expense	\$200	\$173
Interest and Sundry (Income) Expense	\$110	\$93
Capital Expenditures	\$650-\$700	\$660
Interest Expense	\$160	\$161
Tax Rate	~16%	16.6%
Amount of Stock Repurchased	\$550*	\$525
Weighted-Average Diluted Shares Outstanding*	75.1*	77.2

\*As of 9/30/2017