



# Whirlpool Corporation Q1 2008 Review

*April 24, 2008*



# Agenda

## ▶ Overview

- ▶ Jeff Fettig – Chairman and Chief Executive Officer

## ▶ North American Operations

- ▶ Mike Todman – President, North America

## ▶ International Operations

- ▶ Jeff Fettig – Chairman and Chief Executive Officer

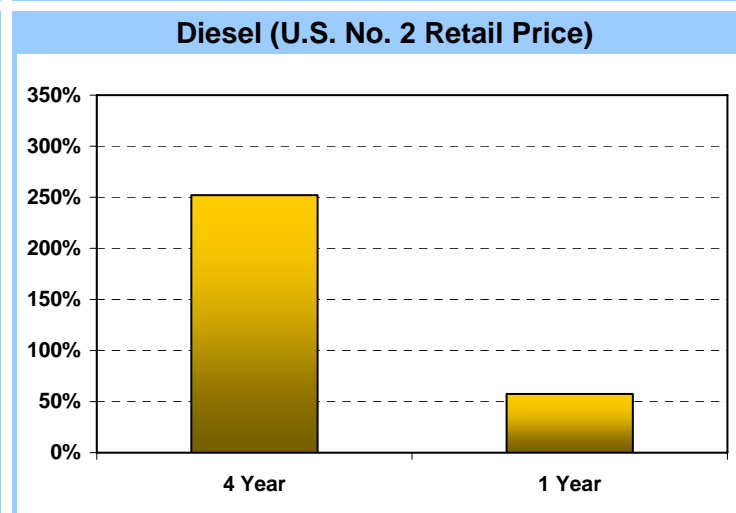
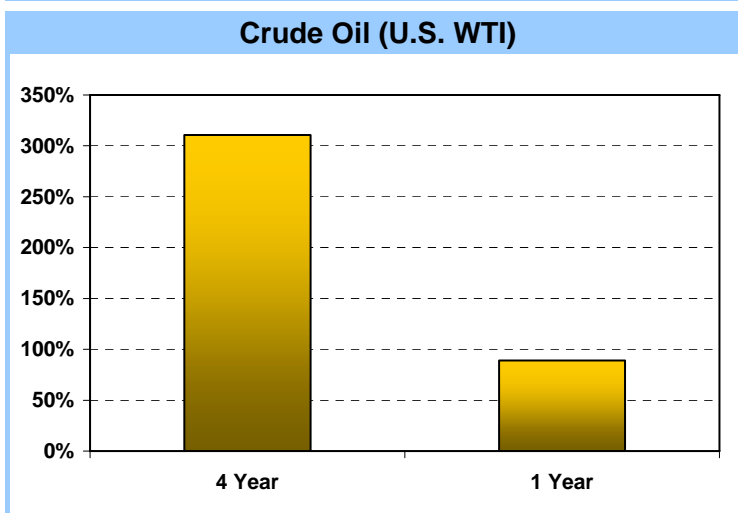
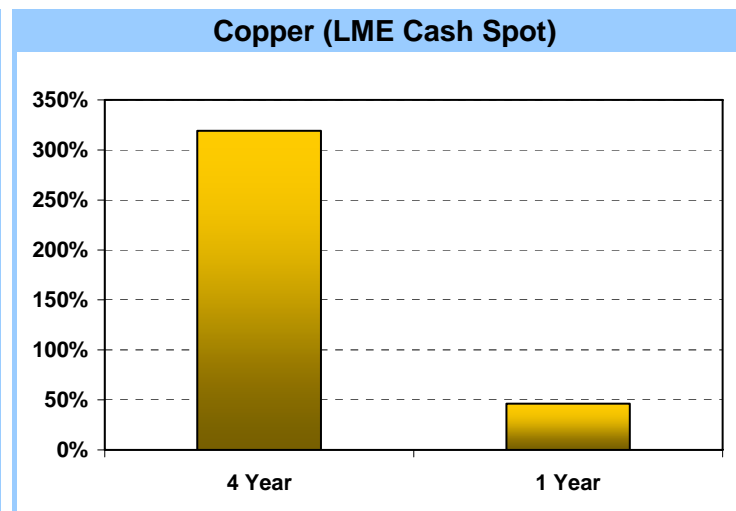
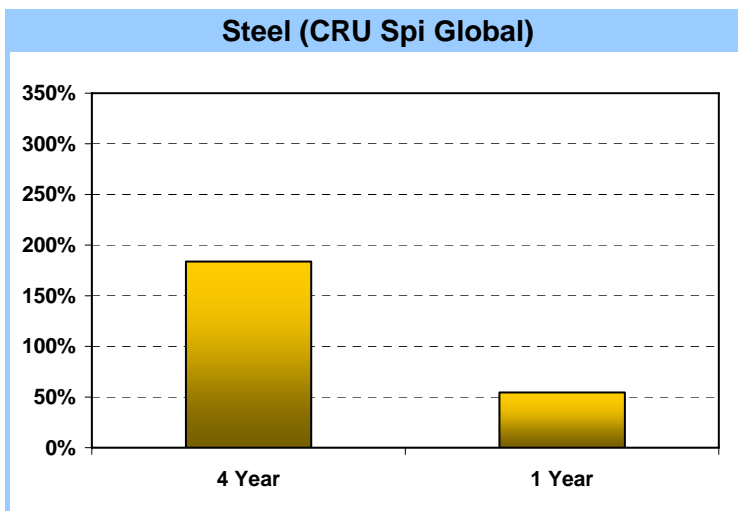
## ▶ Financial Review and 2008 Outlook

- ▶ Roy Templin – EVP and Chief Financial Officer

## Q1 Overview

- ▶ Revenue of \$4.6 billion...+5% year-over-year
- ▶ Earnings per share from continuing operations of \$1.22 versus \$1.55
- ▶ Strong international results...led by Latin America
- ▶ U.S. demand very weak in first quarter...industry down 9%
- ▶ Surging material and oil-related costs negatively impact margins...aggressive actions taken to improve performance
- ▶ \$500 million share repurchase authorization approved

# Commodity Price Trends\*



***Unprecedented commodity price inflation***

## 2008 Performance Outlook

- ▶ U.S. demand down 5 - 6%...Europe down 2 – 3%
- ▶ Emerging markets stable...strong growth
- ▶ Material and oil-related costs increase ~ \$450 - \$500 million
- ▶ Weakening U.S. dollar
- ▶ Weak first half economic conditions...moderate second half improvement

***Challenging conditions in a volatile global economy***

## 2008 Priorities

- ▶ Implement previously announced cost-based **price** adjustments globally
- ▶ Outperform market **growth** by leveraging strong brands, innovation and consumer investments to drive revenue growth
- ▶ Deliver record **productivity**
- ▶ Adjust **cost structure** and production capacity to expected demand levels



# North America



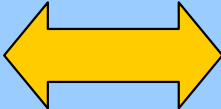

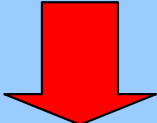
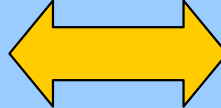
# North America Q1 Operating Performance

	First Quarter		Better/(Worse)	
	2008	2007	2007	%
<i>(USD in millions)</i>				
<b>Net Sales</b>	2,645	2,725	(80)	(3)%
<b>Operating Profit</b>	44	159	(115)	(72)%
<b>Operating Margin %</b>	1.7%	5.9%	(4.2) pts	

- ***Lower than expected demand in U.S. ... industry down 9% in Q1***
- ***Strong growth in our Maytag brands as a result of bringing new product innovation into the market place***
- ***Significantly higher material and oil-related costs***
- ***Increased brand investment for product innovation***



## 2008 U.S. Industry Outlook (T7\*\*)

Demand Component	Previous Outlook	Trend
New Home Completions	~ (20)%	
Existing Home Sales	~ (13)%	
Discretionary	Low Consumer Confidence	
Replacement	Stable	

***Current outlook for U.S. demand at the low-end of our previous guidance...currently expect U.S. down (5 – 6)%***

## Key Performance Actions

- ▶ Implement previously announced cost-based price increases
- ▶ Productivity initiatives and structural cost changes
- ▶ New product innovation
- ▶ Maintain strong momentum in the U.S. market
- ▶ Continue to invest in industry leading brands and innovation

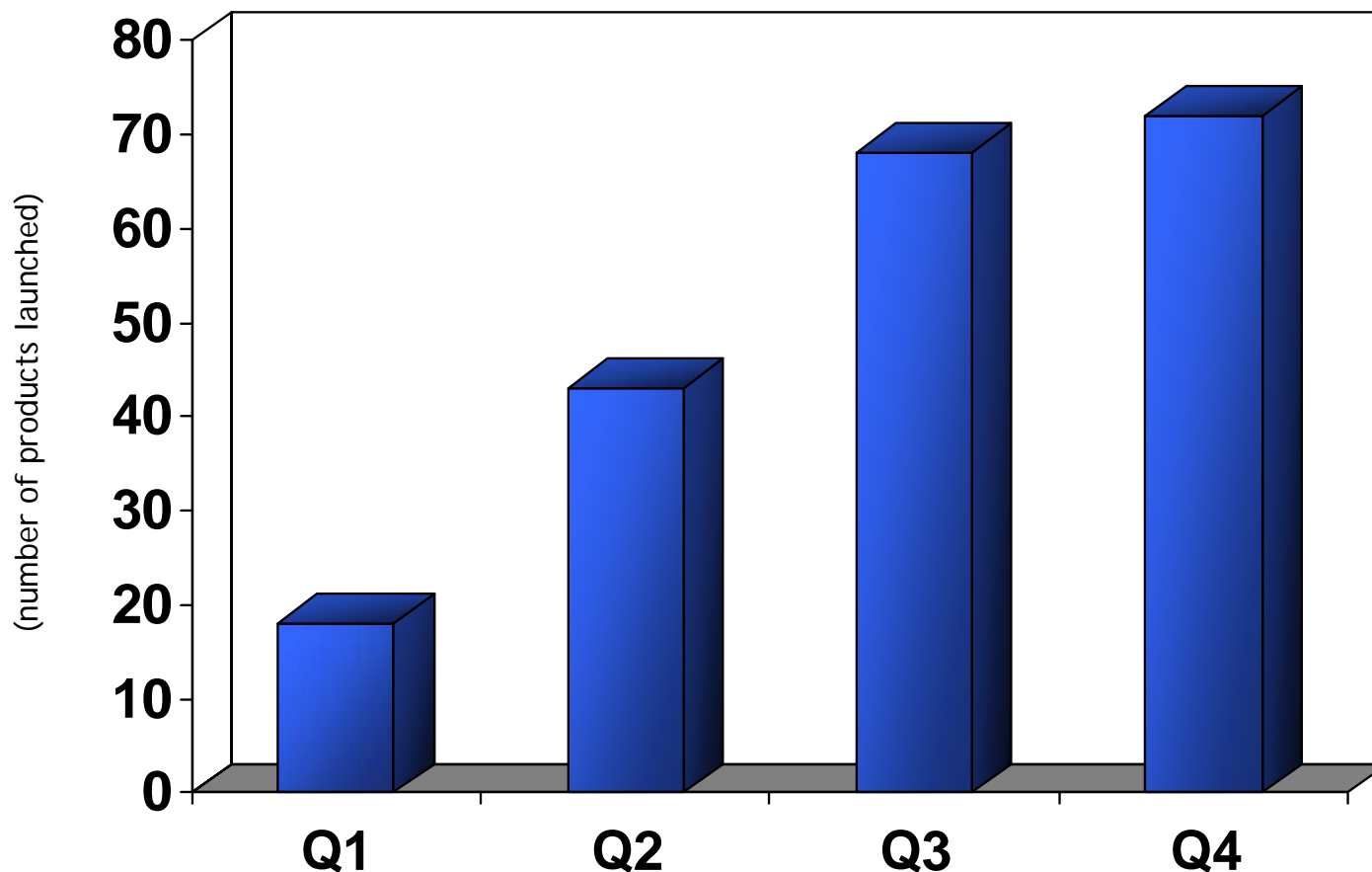
***Strong focus on improving operating margins***

## Productivity Initiatives

- ▶ Manufacturing facility moves
- ▶ Enterprise wide lean initiatives
- ▶ Global product architecture optimization

***Significant productivity ramp up throughout 2008***

## 2008 Cumulative Product Launch Activity



***New product launch activity weighted toward second and third quarter...full effect in second half of the year***

## 2008 Outlook

- ▶ Industry demand expected to be down 5 to 6% with continued weak conditions in the near-term...some improvement in the second half
- ▶ Previously announced cost-based price increases impacting the second half
- ▶ Raw material and oil-based headwinds remain significant

***First half conditions very challenging...expect actions to improve second half margins***



# International



## Q1 Summary

- ▶ Strong performance in Latin America
- ▶ European results improve in an increasingly challenging environment
- ▶ Strong growth and improved profitability in Asia

***Strong results across all of our international regions...increased year-over-year operating margins in each region***

# Europe Q1 Operating Performance

<i>(USD in millions)</i>	First Quarter		Better/(Worse)	
	2008	2007	2007	%
<b>Net Sales</b>	940	830	110	13%
<b>Operating Profit</b>	45	38	7	17%
<b>Operating Margin %</b>	4.8%	4.6%	0.2 pts	

- *Industry demand down approximately 2-3% during the quarter*
- *Net sales decrease 2% excluding currency translation*
- *Operating margin expansion driven by favorable productivity gains and product innovation*



# Latin America Q1 Operating Performance

(USD in millions)

	First Quarter		Better/(Worse)	
	2008	2007	2007	%
<b>Net Sales</b>	932	754	178	24%
<b>Operating Profit</b>	119	84	35	41%
<b>Operating Margin %</b>	12.7%	11.1%	1.6 pts	

- **Net sales increase 9% excluding currency translation**
- **Strong operational execution...continued to capitalize on strong demand for our brands**
- **Successful productivity initiatives**

# Asia Q1 Operating Performance

<i>(USD in millions)</i>	First Quarter		Better/(Worse)	
	2008	2007	2007	%
<b>Net Sales</b>	138	116	22	19%
<b>Operating Profit</b>	2	1	1	72%
<b>Operating Margin %</b>	1.2%	0.8%	0.4 pts	

- ***Strong revenue...India leads growth***
- ***Net sales increase 9% excluding currency translation***
- ***Productivity and new product innovation drive profit improvement***

## 2008 Outlook

- ▶ Latin American market demand solid...full year industry outlook unchanged
  - ▶ Industry Unit Volume +5 - 8%
- ▶ European market soft during the first quarter
  - ▶ Industry Unit Volume (2 - 3)%
- ▶ Solid growth in Asia
  - ▶ Industry Unit Volume +5 - 10%
- ▶ Implementing previously announced cost-based price increases to offset higher input costs
- ▶ Strong focus on productivity actions



# Financial Overview



# First-Quarter Summary

## Revenue performance

- + International market demand
- + Foreign currency exchange
- U.S. market demand

## First-quarter margin performance

- + International market volume performance
- + Cost productivity gains
- Material and oil-related costs
- U.S. market demand

## Other items

- + Monetized \$41 million of BEFIEX credits versus \$30 million in prior year as a result of sales and mix

# Financial Summary

	First Quarter		Better/(Worse)	
	2008	2007	2007	%
<b>Net Sales</b>	4,614	4,389	225	5%
<b>Cost of Goods Sold</b>	4,000	3,761	(239)	(6)%
<b>Gross Margin %</b>	13.3%	14.3%	(1.0) pts	
<b>SG&amp;A</b>	440	375	(65)	(17)%
<b>Restructuring</b>	8	17	9	52%
<b>Operating Profit</b>	159	226	(67)	(29)%
<b>Operating Margin %</b>	3.5%	5.1%	(1.7) pts	

- Net Sales: Excluding foreign exchange sales decreased 1%
- Gross Margin: North American results significantly impacted overall results...all International regions report higher gross margins
- SG&A: Foreign exchange translation and increased advertising investment

# Financial Summary

	First Quarter		Better/(Worse)	
	2008	2007	2007	%
Operating Profit	159	226	(67)	(29)%
Interest Expense	(49)	(50)	1	2%
Interest & Sundry Income/(Expense)	(7)	(5)	(2)	(53)%
Earnings Before Income Taxes	103	171	(68)	(40)%
Income Taxes	3	41	38	93%
Equity Earnings/(Loss)	0	(2)	2	NM
Minority Interest	(6)	(4)	(2)	(50)%
Earnings from Continuing Operations	94	124	(30)	(24)%
EPS - Diluted	\$ 1.22	\$ 1.55	\$ (0.33)	(21)%

- Income taxes rate lower resulting from pretax earnings level and discrete items

# Working Capital

	<u>3/31/08</u>	<u>3/31/07</u>	<u>12/31/07</u>
<b>Accounts Receivable</b>	2,564	2,525	2,604
<i>Days Outstanding</i>	55.9	57.9	55.1
<b>Inventory</b>	2,912	2,656	2,665
<i>Days Outstanding</i>	65.5	63.6	58.1
<b>Accounts Payable</b>	3,165	3,005	3,260
<i>Days Outstanding</i>	71.2	71.9	71.1
<b>Working Capital</b>	2,311	2,176	2,009
<b>% of Sales</b>	12.5%	12.4%	10.4%

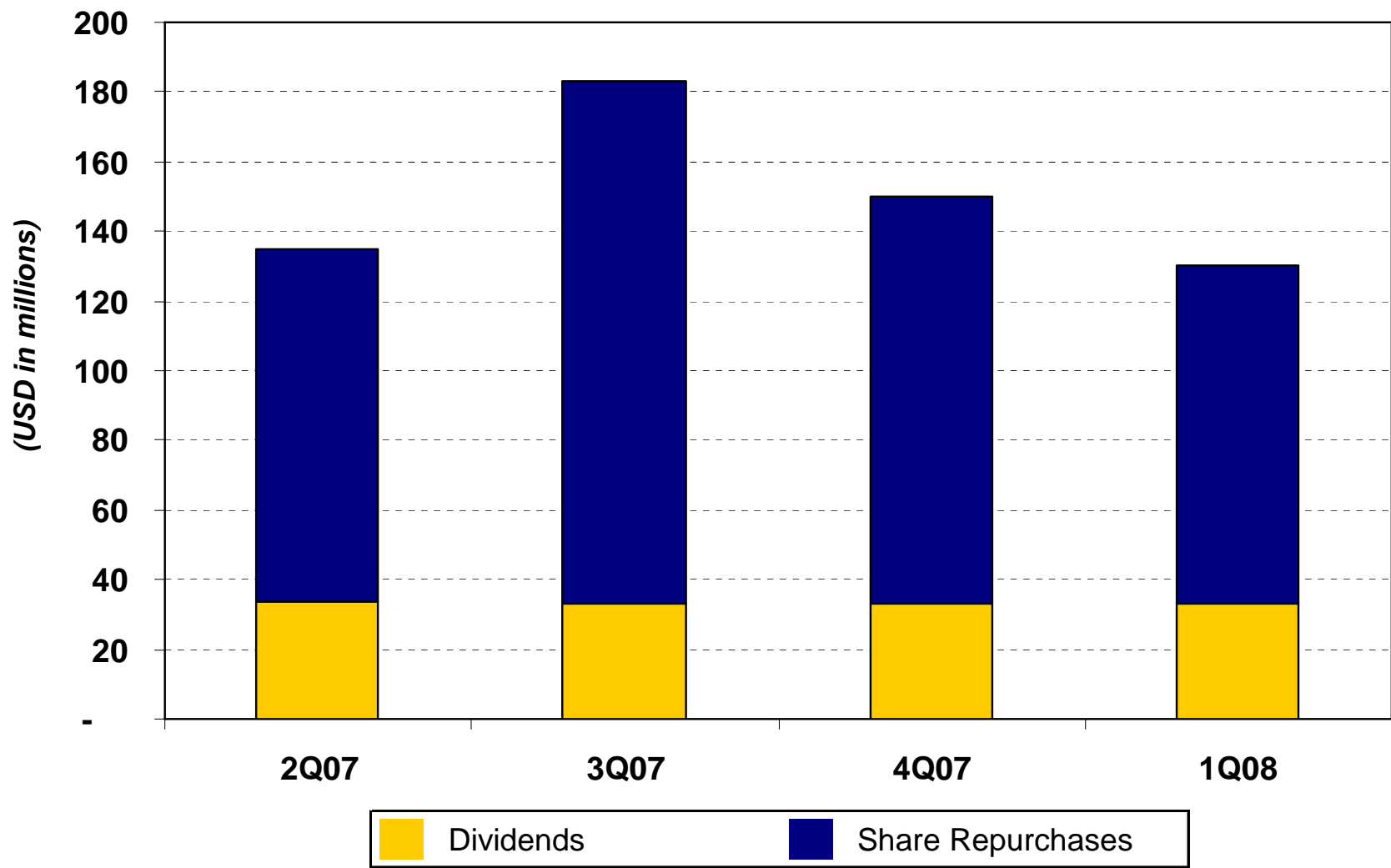


# Cash Flow

	First Quarter	
	2008	2007
Earnings from Continuing Operations	94	124
Depreciation & Amortization	153	143
Working Capital	(253)	(116)
Other	(332)	(310)
<b>Cash (Used In) Continuing Operating Activities</b>	<b>(338)</b>	<b>(159)</b>
Capital Expenditures	(107)	(96)
Proceeds from Sale of Assets/Businesses (non-Maytag)	1	5
<b>Free Cash Flow</b>	<b>(444)</b>	<b>(250)</b>

- Higher working capital levels, lower earnings and slightly higher capital expenditures result in lower free cash flow

# Shareholder Returns



***New \$500 million repurchase authorization approved***

## 2008 Guidance

### 2008 Guidance

**Earnings per Share**

**\$7.00 - \$7.50**

**Free Cash Flow**

**\$500 - \$550 million**

# Closing Remarks

## Key Investment Highlights

- ▶ **#1 position** in global marketplace
- ▶ Leading **consumer brands**
- ▶ Turning innovation into **profitable growth**
- ▶ **Global** operating platform leverage

***Key value drivers remain strong...Whirlpool well positioned to capitalize on growth opportunities***



# Appendix

## Cash Flow Reconciliation

The table below reconciles actual 2007 & 2008 and projected 2008 cash provided by continuing operations determined in accordance with generally accepted accounting principles (GAAP) in the United States to free cash flow, a non-GAAP measure. Management believes that free cash flow provides shareholders with a relevant measure of liquidity and a useful basis for assessing the company's ability to fund its activities and obligations. There are limitations to using non-GAAP financial measures, including the difficulty associated with comparing companies that use similarly named non-GAAP measures whose calculations may differ from the company's calculations. As defined by the company, free cash flow is cash provided by continuing operations after capital expenditures and proceeds from the sale of assets/businesses. Free cash flow does not include proceeds from the sale of Maytag businesses. The projections shown here are based upon many estimates and are inherently subject to change based on future decisions made by management and the board of directors of the company, and significant economic, competitive and other uncertainties and contingencies.

(millions of dollars)	First Quarter		2008
	2008	2007	Outlook
Cash (used in) provided by continuing operating activities	\$ (338)	\$ (159)	\$ 1,000 - \$ 1,025
Capital expenditures	(107)	(96)	(550) - (575)
Proceeds from sale of assets/non-Maytag businesses	1	5	50 - 100
Free cash flow	\$ (444)	\$ (250)	\$ 500 - \$ 550

## About Whirlpool Corporation

Whirlpool Corporation is the world's leading manufacturer and marketer of major home appliances, with annual sales of approximately \$19 billion, 73,000 employees, and 72 manufacturing and technology research centers around the world. The company markets *Whirlpool*, *Maytag*, *KitchenAid*, *Jenn-Air*, *Amana*, *Brastemp*, *Consul*, *Bauknecht* and other major brand names to consumers in nearly every country around the world. Additional information about the company can be found at <http://www.whirlpoolcorp.com>.

\* Note: Four year price change reflects the April 2008 month-to-date average (through 4/18/08) compared with the 1Q04 average price. One year price change reflects the April 2008 month to date average compared with the 1Q07 average price.

\*\* T7 refers to the following household appliance categories: washers, dryers, refrigerators, freezers, dishwashers, ranges and compactors



## Whirlpool Additional Information:

This document contains forward-looking statements that speak only as of this date. Whirlpool disclaims any obligation to update these statements. Forward-looking statements in this document include, but are not limited to, statements regarding expected earnings per share, cash flow, productivity and material and oil-related prices, as well as expectations as to the integration with Maytag Corporation. Many risks, contingencies and uncertainties could cause actual results to differ materially from Whirlpool Corporation's forward-looking statements. Among these factors are: (1) intense competition in the home appliance industry reflecting the impact of both new and established global competitors, including Asian and European manufacturers; (2) Whirlpool's ability to continue its strong relationship with Sears Holding Corporation in North America (accounting for approximately 12% of Whirlpool's 2007 consolidated net sales of \$19.4 billion) and other significant trade customers, and the ability of these trade customers to maintain or increase market share; (3) changes in economic conditions, including the strength of the U.S. building industry and the level of interest rates; (4) the ability of Whirlpool to achieve its business plans, productivity improvements, cost control, leveraging of its global operating platform, and acceleration of the rate of innovation; (5) fluctuations in the cost of key materials (including steel, oil, plastic, resins, copper and zinc) and components and the ability of Whirlpool to offset cost increases; (6) the ability of suppliers of critical parts, components and manufacturing equipment to deliver sufficient quantities to Whirlpool in a timely and cost-effective manner; (7) our ability to attract, develop and retain executives and other qualified employees; (8) health care cost trends and regulatory changes that could increase future funding obligations for pension and post retirement benefit plans; (9) the cost of compliance with environmental and health and safety regulations; (10) litigation including product liability and product defect claims; (11) the impact of labor relations; (12) Whirlpool's ability to obtain and protect intellectual property rights; (13) the ability of Whirlpool to manage foreign currency fluctuations; and (14) global, political and/or economic uncertainty and disruptions, especially in Whirlpool's significant geographic regions, including uncertainty and disruptions arising from natural disasters or terrorist attacks. Additional information concerning these and other factors can be found in Whirlpool Corporation's filings with the Securities and Exchange Commission, including the most recent annual report on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K.