

Whirlpool Cleans Up House

With Whirlpool's most recent earnings reporting increased revenue and a beat on EPS, yet lower profitability, the home appliance company is optimistic, showing signs of recovery and resilience despite soft consumer demand and global economic uncertainty. Whirlpool is well-positioned for upside, divesting lower-profit areas to focus on higher-margin segments, generating cash to pay down debt, and benefiting from tariffs on foreign competitors, potential interest rate cuts, and a strengthening housing market. On this basis, I rate WHR a buy, with a price target of \$113.

Thesis Point 1

Whirlpool stands to benefit from recent executive decisions aimed at freeing up cash, reducing debt, and launching a new competitive product line. First, the company is committed to paying down its \$8.32 billion in corporate debt. It plans to reduce debt by \$700 million in 2025, funded partly by divesting its Indian subsidiary to raise about \$600 million. Despite the divestiture, Whirlpool will retain a minority stake (reducing its ownership from 51% to 20%) to maintain exposure to the South Asian market while refocusing on higher-margin regions such as North and South America. Additionally, its quarterly dividend reduction from \$1.75 to \$0.90 per share strengthens its balance sheet. With \$300 million in net cost reductions in 2024 and another \$200 million expected in 2025, Whirlpool is focused on maximizing profitability and improving cash flow. Second, Whirlpool is launching more than 100 new products. About 30% of its North American lineup will transition to new offerings in 2025 marking the company's largest portfolio refresh in over a decade. Highlights include Jenn Air's innovative downdraft induction cooktop, the first new KitchenAid Suite since 2015 with customizable features, and Maytag's Pet Top Load laundry system, which removes five times more pet hair than standard machines.

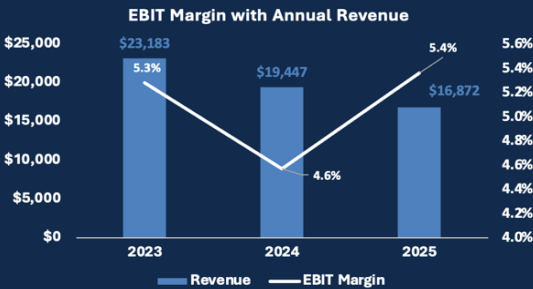
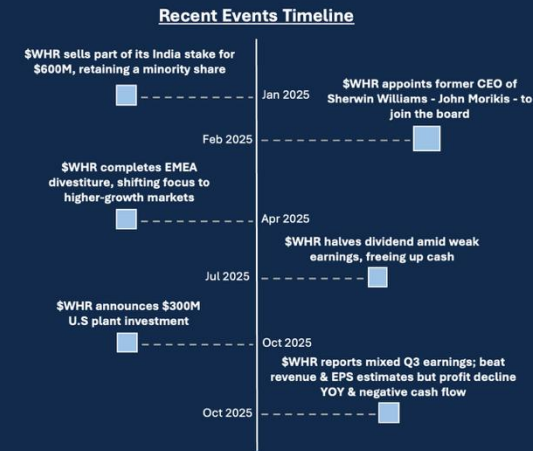
Thesis Point 2

Whirlpool is also positioned to benefit from the current political and economic environment, including high U.S. tariffs and falling interest rates. First, with elevated U.S. tariffs, foreign competitors such as LG, Samsung, and GE are expected to feel the impact as they work through preloaded inventory by late 2025. Whirlpool's strong domestic manufacturing base gives it a clear advantage. 80% of products sold in the U.S. are made domestically, compared to competitors combined 25% domestic production. Additionally, over 96% of the steel used in Whirlpool's U.S. factories is sourced domestically. With imported steel currently facing a 50% tariff, Whirlpool gains further strategic positioning over its rivals. Second, the Federal Reserve's recent 25-basis-point rate cut and expected additional cuts through 2025 and 2026, should spur housing construction and appliance demand. The U.S. is currently short 3–4 million homes, and the median home age has risen to 40 years, signaling pent-up demand. Whirlpool's strong partnerships with national homebuilders, which supply roughly 60% of new homes, position it to capitalize on the housing recovery and rising appliance demand.

Company Overview

Whirlpool Corporation, founded in 1911 and headquartered in Benton Harbor, Michigan, is a leading manufacturer in the home appliance industry. With recognized brands such as Whirlpool, Maytag, KitchenAid, Amana, and Jenn Air, the company offers a wide range of value and premium products, including refrigerators, washers, dryers, dishwashers, and cooking appliances. Its presence in over 170 countries and operations in 48 solidify Whirlpool as a global powerhouse supported by 44,000 employees. In the U.S., Whirlpool holds the largest market share at 20%, surpassing major competitors like Samsung, LG, and GE. Throughout its century-long history, Whirlpool has established itself as a highly reputable company. Guided by its vision "to be the best kitchen and laundry company, in constant pursuit of improving life at home," Whirlpool continues to innovate with smart, energy-efficient appliances that lead the industry.

TICKER:	\$WHR
RATING:	BUY
PRICE:	\$71.21
PRICE TARGET:	\$113
MARKET CAP:	\$4.02bn
52-W RANGE:	\$70.95 - \$135.49
Forward P/E:	13.30x
IMPLIED UPSIDE:	59.35%



Risk 1

Success for this cyclical stock depends on consumer spending on durable goods, which is sensitive to economic conditions. Federal Reserve Chair Jerome Powell is focused on addressing high unemployment by lowering interest rates, risking potential runaway inflation. If inflation remains high or rises further, consumers may delay appliance purchases, directly affecting Whirlpool’s revenue growth and inventory turnover.

Risk 2

Whirlpool has a high net debt-to-EBITDA ratio of about 7x, which is concerning if revenue doesn’t improve. This suggests financial distress and a higher risk of default, explaining its lower credit ratings and higher borrowing costs. Heavy interest payments consume cash flow, leaving little for operations and forcing the company to take on more debt to survive, potentially ending in bankruptcy.

Valuation – PT of 114

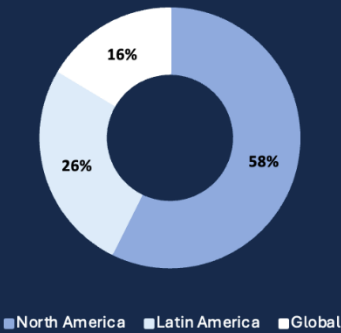
DCF Analysis (\$mm)						
	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
	12/31/2025	12/31/26	12/31/27	12/30/28	12/30/29	12/31/30
Revenue	16,872	17,008	17,378	17,983	18,834	19,955
Revenue Growth	-13%	1%	2%	3%	5%	6%
North America	9,800	9,996	10,296	10,708	11,243	11,918
Latin America	4,600	4,738	4,928	5,174	5,484	5,868
Global	2,472	2,274	2,155	2,101	2,106	2,169
EBIT	905	680	825	989	1,177	1,397
EBIT Margin	5%	4%	5%	6%	6%	7%
Tax Expense	212	156	190	227	271	321
Effective Tax Rate	23%	23%	23%	23%	23%	23%
NOPAT	693.00	523.85	635.61	761.56	906.37	1,075.59
D&A	321	425	413	405	400	399
Capex	377	340	304	270	235	200
Changes in NWC	304	255	174	90	0	(100)
UFCF	333	354	570	807	1,071	1,375
PV of FCF	331	336	502	657	808	960

North American revenue is expected to decline temporarily due to preloading by foreign competitors, which drives prices down and temporarily reduces market share. Latin America will see revenue pressure as exchange rate volatility due to economic instability translates local sales into lower reported dollar values. Global revenue will dip at first because selling non-core assets in regions like EMEA and India removes those sales from total revenue, representing a short-term setback intended to enable long-term growth.

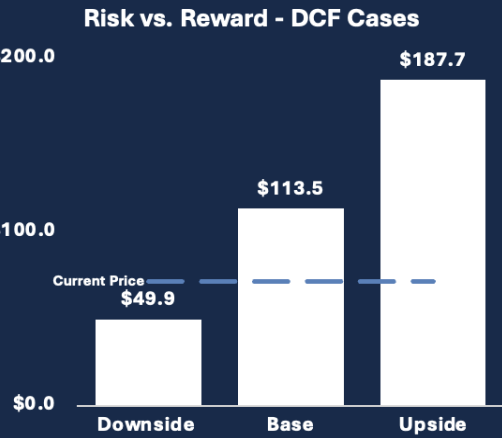
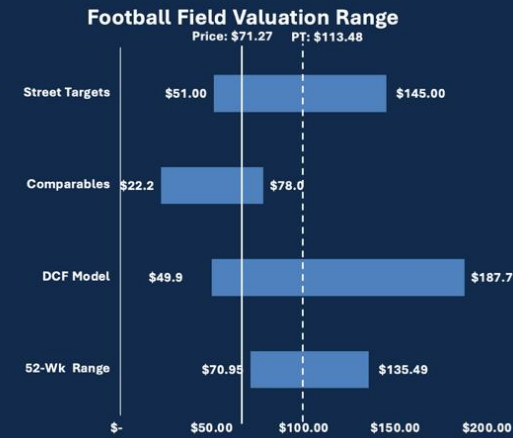
Conclusion

Whirlpool is strengthening its business by actively paying down debt and launching a major new product line, positioning itself for growth. Favorable macro conditions, including high tariffs that pressure foreign competitors and falling interest rates supporting housing demand, further enhance its strategic advantage. I rate WHR a buy, with a price target of \$113.

Revenue Segments



Terminal Value	
Exit Multiple Method	
2034 EBITDA	\$1,796
EV/EBITDA Exit Multiple	8.0x
Terminal Value	\$14,368
PV of Terminal Value	\$10,036
PV of Projection Period	\$3,595
PV of Terminal Value	\$10,036
Implied TEV	\$13,631
(-) Debt	\$8,322
(+) Cash	\$1,068
Implied Equity Value	\$6,377
Diluted Shares Outstanding	56
Implied Share Price	\$113.57
Upside/Downside	58.6%



Income Statement (\$mm)	2024A	2025E	2026E	2027E	2028E	CAGR%
Revenue	19,447	16,872	17,008	17,378	17,983	-1.9%
EBITDA	1,217	1,226	1,106	1,238	1,394	3.4%
EBIT	889	905	680	825	989	2.7%
NOPAT	879	693	524	636	762	-3.5%
Margin & Growth Data	2024A	2025E	2026E	2027E	2028E	AVG%
EBITDA Margin	6.3%	7.3%	6.5%	7.1%	7.8%	7.0%
EBIT Margin	4.6%	5.4%	4.0%	4.8%	5.5%	4.8%
Revenue Growth	-16.1%	-13.2%	0.8%	2.2%	3.5%	-4.6%
EBIT Growth	-27.4%	1.8%	-24.8%	21.3%	19.8%	-1.9%
Valuation Metrics	2024A	2025E	2026E	2027E	2028E	AVG%
P/FCF	6.8x	12.1x	11.4x	7.1x	5.0x	8.5x
EV/Sales	0.6x	0.7x	0.7x	0.6x	0.6x	0.6x
EV/EBITDA	9.3x	9.2x	10.2x	9.1x	8.1x	9.2x
FCF Yield	14.7%	8.3%	8.8%	14.2%	20.1%	13.2%

Comparable Companies

\$mm

Ticker	Mkt Cap	EV	P/E LTM	Revenue LTM	EBITDA LTM
Haier Smart Home Co., Ltd. (SHSE:600690)	\$32,137	\$29,982	10.8x	\$43,701	\$3,887
Hamilton Beach Brands Holding Company (N	\$189	\$271	9.5x	\$631	\$41
AB Electrolux (publ) (OM:ELUX B)	\$1,825	\$5,212	30.7x	\$14,219	\$712
SharkNinja, Inc. (NYSE:SN)	\$12,362	\$13,093	23.9x	\$5,881	\$832
Whirlpool	\$4,027	\$11,632	-21.9x	\$15,562	\$1,161

Ticker	LTM EV/EBITDA	Gross Margin	EBITDA Margin	EBIT Margin	Yr Rev Growth	Rate LI
Haier Smart Home Co., Ltd. (SHSE:600690)	7.7x	26.7%	8.9%	7.4%		9.1%
Hamilton Beach Brands Holding Company (N	6.7x	26.7%	6.4%	5.7%		(2.1%)
AB Electrolux (publ) (OM:ELUX B)	7.3x	16.3%	5.0%	2.0%		0.2%
SharkNinja, Inc. (NYSE:SN)	15.7x	48.4%	14.1%	11.9%		23.5%
Whirlpool	10.0x	15.9%	7.5%	5.4%		(11.4%)

High	15.73x	48.4%	14.1%	11.9%	23.5%
75th Percentile	10.02x	26.7%	8.9%	7.4%	9.1%
Average	9.50x	26.8%	8.4%	6.5%	3.9%
Median	7.71x	26.7%	7.5%	5.7%	0.2%
25th Percentile	7.32x	16.3%	6.4%	5.4%	-2.1%
Low	6.70x	15.9%	5.0%	2.0%	-11.4%

Whirlpool

Implied Enterprise Value (25th Percentile)	\$	8,501
Implied Enterprise Value (Median)	\$	8,954
Implied Enterprise Value (75th Percentile)	\$	11,632

Implied Share Price (25th Percentile)	\$	22.22
Implied Share Price (Median)	\$	30.31
Implied Share Price (75th Percentile)	\$	78.04

Weighted Average Cost of Capital (\$mm)	
Market Risk Premium	6.00%
Beta	1.15
Risk Free Rate	4.39%
Cost of Equity	3.68%
Weighted Average Cost of Debt	5.00%
Tax Rate	23.00%
Cost of Debt	2.60%
Total Equity	\$4,021
Total Debt	\$7,254
Equity/Total Capitalization	32.58%
Debt/Total Capitalization	67.42%
WACC	8.00%

Downside Case: If appliance demand remains weak and cost pressures persist, revenue could stay flat or decline 1–2% per year, with EBITDA margins slipping toward 6%. A lower terminal multiple of around 6x would push fair value below the base case, reflecting ongoing macro and pricing challenges.

Upside Case: If demand rebounds and Whirlpool executes on cost efficiencies, revenue could grow around 2–3% annually with EBITDA margins expanding toward 8%. Using a slightly higher terminal multiple of 8x (versus the base 7x), the valuation would see meaningful upside as free cash flow strengthens.