



Whirlpool Corp. (WHR)

Updated January 30th, 2023 by Quinn Mohammed

Key Metrics

Current Price:	\$156	5 Year CAGR Estimate:	4.9%	Market Cap:	\$8.5 B
Fair Value Price:	\$145	5 Year Growth Estimate:	2.0%	Ex-Dividend Date¹:	02/24/23
% Fair Value:	108%	5 Year Valuation Multiple Estimate:	-1.6%	Dividend Payment Date¹:	03/15/23
Dividend Yield:	4.5%	5 Year Price Target	\$160	Years Of Dividend Growth:	12
Dividend Risk Score:	B	Retirement Suitability Score:	A	Rating:	Hold

Overview & Current Events

Whirlpool Corporation, founded in 1955 and headquartered in Benton Harbor, MI, is a leading home appliance company with well-known brands like Whirlpool, KitchenAid, and Maytag. Roughly half of the company's sales are in North America, but Whirlpool does business around the world under 13 principal brand names. The \$8.5 billion market cap company, which employs about 61,000 people, generated nearly \$20 billion in sales in 2022.

On January 17th, 2023, Whirlpool entered into an agreement with Arçelik A.Ş to transform its portfolio. Whirlpool is contributing its European major domestic appliance business, while Arçelik will contribute its major domestic appliance, consumer electronics, air conditioning, and small domestic appliance businesses into a newly formed entity. Whirlpool will own 25% of this new entity, which will have combined sales of over €6 billion, while Arçelik will own the remaining 75%. Additionally, Whirlpool agreed to sell its Middle East and Africa business to Arçelik.

On January 30th, 2023, Whirlpool reported fourth quarter and full year 2022 results. For the quarter, sales came in at \$4.92 billion, which was down 15.3% compared to fourth quarter 2021. Ongoing earnings per diluted share was \$3.89 in the quarter, 37% below last year's \$6.14 per share. For the full year, ongoing earnings per diluted share was \$19.64 in 2022, 26% below 2021's \$26.59 per share. In 2022, Whirlpool repurchased \$903 million of common shares, in comparison to \$1.04 billion in 2021.

Whirlpool initiated 2023 guidance, which sees earnings-per-share coming in at \$16.00 to \$18.00, for a \$17.00 midpoint on revenue of \$19.4 billion, representing a 1% to 2% decline from the prior year. Additionally, Whirlpool expects cash provided by operating activities to total roughly \$1.4 billion, with \$800 million in free cash flow.

Growth on a Per-Share Basis

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2028
EPS	\$10.03	\$11.39	\$12.38	\$14.05	\$13.78	\$15.16	\$16.00	\$18.46	\$26.59	\$19.64	\$17.00	\$18.77
DPS	\$2.38	\$2.88	\$3.45	\$3.90	\$4.30	\$4.55	\$4.75	\$4.85	\$5.45	\$7.00	\$7.00	\$8.52
Shares²	77	78	77	74	71	64	64	64	63	55	52	45

From 2012 through 2022, Whirlpool grew earnings-per-share by an average compound rate of 7.8% per year. However, during this time total company-wide sales only grew by an average rate of 0.9% per annum. The difference between top-line growth and bottom line per share results can be explained by an improving margin and a reduced share count.

These items can continue to boost the bottom line but starting from a higher base makes growth more difficult. Still, the company currently has a significant share repurchase program in place.

While the COVID-19 pandemic called demand into question for many companies, including Whirlpool during the first half of 2020, results proved resilient and very strong since then. Over the long-term Whirlpool continues to have opportunities in the way of the potential for margin improvement and a strong share repurchase program over time.

We see the impressive earnings result in 2021 as a cyclical peak, and from a more normalized 2023 forecast of \$17.00 per share, we expect 2.0% annual earnings-per-share growth from here on out. The strong home improvement

¹ Estimated date

² In millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



Whirlpool Corp. (WHR)

Updated January 30th, 2023 by Quinn Mohammed

spending, which had provided a boost to Whirlpool's results in recent years, is likely to subside as a result of the rapid rise in interest rates and ongoing price inflation.

Valuation Analysis

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Now	2028
Avg. P/E	12.8	13.4	14.4	11.9	12.9	9.3	8.8	8.4	8.2	8.1	9.2	8.5
Avg. Yld.	1.80%	1.90%	1.90%	2.30%	2.40%	3.20%	3.40%	3.20%	2.30%	3.70%	4.5%	5.3%

Since 2013, shares of Whirlpool have traded hands with an average P/E ratio of nearly 11 times earnings, but in the last five years this has come down to only 8.6 times earnings on average. This mark has varied considerably, ranging from 8.1 to 14.4 times earnings. We are using 8.5 times earnings as a valuation baseline taking into consideration the company's growth prospects and overall quality, as well as the anticipated economic slowdown from rising rates. With shares currently trading around 9.2 times this year's earnings, this implies the potential for a valuation headwind.

Despite the company's relatively conservative payout ratio, we are not anticipating significant dividend growth, given management's long-term goal of targeting a 25% to 30% dividend payout ratio. This may change over time, but we're taking the company at its word. Still, with a 4.5% starting yield, this component adds nicely to shareholder returns.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2028
Payout	24%	25%	28%	28%	31%	30%	30%	26%	20%	36%	41%	45%

Whirlpool has strong brands, and its competitive advantages include its global presence and a strong control over its costs, which is why the company generates significantly higher margins than its peers.

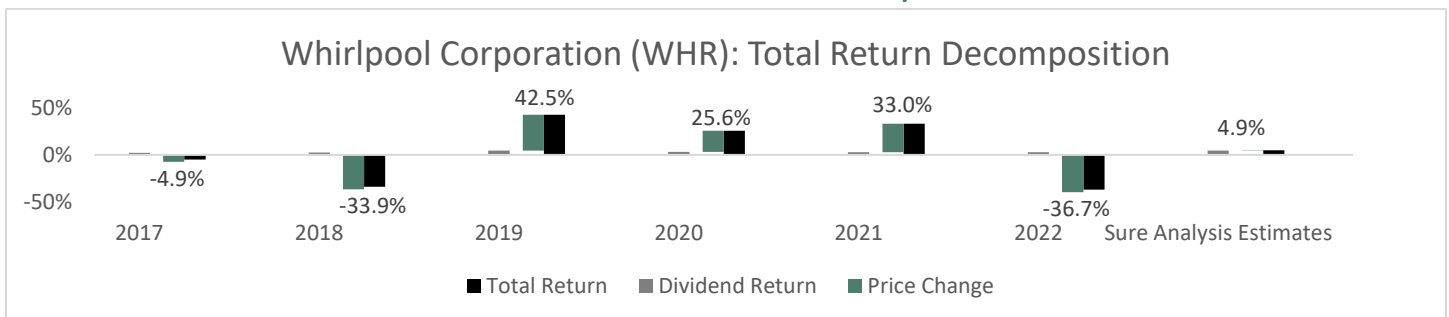
During the last recession, the company posted per share earnings results of \$8.10, \$5.50, \$4.34, and \$9.10 from 2007 through 2010. Meanwhile, the dividend was held steady at \$1.72 throughout the entire period. The -30%+ earnings drop in 2008 may not have been welcome - and provides a good indicator of some of the cyclicity inherent in the business - but we are encouraged by the quick rebound. Moreover, the low dividend payout ratio allows for greater flexibility, without the need for dilutive action in lesser times. Whirlpool has held up well in the current crisis as well.

As of the most recent report the company held \$2.0 billion in cash, \$6.4 billion in current assets and \$17.1 billion in total assets against \$5.9 billion in current liabilities and \$14.6 billion in total liabilities. Long-term debt equaled \$7.4 billion.

Final Thoughts & Recommendation

Whirlpool has established itself as a reliable company and had a strong year in 2021, but this peak started to decline in 2022. The company should be able to increase earnings once again following more normalized results expected in 2023. We forecast total return potential of 4.9% per annum, stemming from a 4.5% starting dividend yield and 2% earnings-per-share growth, offset by the potential for a valuation headwind. Whirlpool earns a hold rating.

Total Return Breakdown by Year



[Click here to rate and review this research report. Your feedback is important to us.](#)

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



Whirlpool Corp. (WHR)

Updated January 30th, 2023 by Quinn Mohammed

Income Statement Metrics

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenue (\$B)	18,769	19,872	20,891	20,718	21,253	21,037	20,419	19,456	21,985	19,724
Gross Profit	3,298	3,395	3,660	3,692	3,602	3,537	3,533	3,850	4,409	3,073
Gross Margin	17.6%	17.1%	17.5%	17.8%	16.9%	16.8%	17.3%	19.8%	20.1%	15.6%
SG&A Exp.	1,828	2,038	2,143	2,080	2,112	2,189	2,142	1,877	2,081	1,820
D&A Exp.	540	560	668	655	654	645	587	568	494	475
Operating Profit	1,445	1,324	1,443	1,541	1,411	1,273	1,322	1,911	2,281	1,218
Op. Margin	7.7%	6.7%	6.9%	7.4%	6.6%	6.1%	6.5%	9.8%	10.4%	6.2%
Net Profit	827	650	783	888	350	-183	1,184	1,081	1,783	-1,519
Net Margin	4.4%	3.3%	3.7%	4.3%	1.6%	-0.9%	5.8%	5.6%	8.1%	-7.7%
Free Cash Flow	684	759	536	543	580	639	698	1,090	1,651	820
Income Tax	68	189	209	186	550	138	354	384	518	265

Balance Sheet Metrics

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Assets (\$B)	15,544	20,002	19,010	19,153	20,038	20,038	18,881	20,350	20,285	17,124
Cash & Equivalents	1,380	1,026	772	1,085	1,196	1,196	1,952	2,924	3,044	1,958
Acc. Receivable	2,005	2,768	2,530	2,711	2,665	2,665	2,198	3,109	3,100	1,555
Inventories	2,408	2,740	2,619	2,623	2,988	2,988	2,438	2,187	2,717	2,089
Goodwill & Int.	3,426	5,610	5,684	5,508	5,709	5,709	4,665	4,690	4,466	6,478
Total Liabilities	10,510	14,206	13,336	13,425	14,910	14,910	14,763	15,641	15,272	14,618
Accounts Payable	3,865	4,730	4,403	4,416	4,797	4,797	4,547	4,834	5,413	3,376
Long-Term Debt	2,463	4,347	3,998	4,470	5,218	5,218	4,993	5,369	5,237	7,615
Total Equity	4,924	4,885	4,743	4,773	4,198	4,198	3,195	3,799	4,846	2,336
LTD/E Ratio	0.50	0.89	0.84	0.94	1.24	1.24	1.56	1.41	1.08	3.26

Profitability & Per Share Metrics

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Return on Assets	5.3%	3.7%	4.0%	4.7%	1.8%	-1.0%	6.4%	5.5%	8.8%	-8.1%
Return on Equity	18.0%	13.3%	16.3%	18.7%	7.8%	-5.6%	43.2%	30.9%	41.2%	-42.3%
ROIC	11.5%	7.4%	7.9%	8.9%	3.4%	-1.9%	12.9%	11.3%	17.5%	-14.9%
Shares Out.	77	78	77	74	71	64	64	64	63	56
Revenue/Share	232.29	249.65	262.12	268.37	285.66	313.05	318.05	307.36	349.52	352.84
FCF/Share	8.47	9.54	6.73	7.03	7.80	9.51	10.87	17.22	26.25	14.67

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

Disclaimer

Nothing presented herein is, or is intended to constitute, specific investment advice. Nothing in this research report should be construed as a recommendation to follow any investment strategy or allocation. Any forward-looking statements or forecasts are based on assumptions and actual results are expected to vary from any such statements or forecasts. No reliance should be placed on any such statements or forecasts when making any investment decision. While Sure Dividend has used reasonable efforts to obtain information from reliable sources, we make no representations or warranties as to the accuracy, reliability or completeness of third-party information presented herein. No guarantee of investment performance is being provided and no inference to the contrary should be made. There is a risk of loss from an investment in marketable securities. Past performance is not a guarantee of future performance.