

Whirlpool WHR \$96***Is there more upside to WHR shares?***

YTD WHR shares up 108% vs. the 57% gain in S&P 500 Household Durables Index (all data based on Friday Nov 16 closing prices).

Negatives

Fiscal Cliff
European Recession
US Economic Malaise
FX
Asian Demand Remains Muted

Positives

US Housing Rebound
LA Growth Opportunities
'Kitchen Sprawl' Trend
Significant Gross Margin Opportunity

Rationalized business model positioned to generate improved profit margins with increased demand; expected \$200M benefit in 2012 and 2013.

Management guidance (10/23) Raised to \$6.90 - \$7.10 EPS and FCF of \$125M - \$175M; 5.5%-6% EBIT margin, up 300bps with a medium term opportunity to 8% (compared to the 10.9% EBIT median peer EBIT margin) along with 5%-7% revenue growth and 10%-15% EPS growth.

Selected Operating and Valuation Metrics:

	Margins (LTM Actual)				Multiples (NTM Estimates)		
	Gross	EBITDA	EBIT	NET	TEV/Revs	TEV/EBITDA	P/E
WHR	15.1%	8.8%	5.7%	2.7%	0.5X	5.0X	11.5X
Peers:							
Mean	35.1%	16.3%	12.4%	5.9%	1.5X	8.3X	17.0X
Median	36.6%	14.9%	10.9%	5.0%	1.3X	7.7X	13.5X
Differential	WHR Opportunity in BPs				WHR at discount to Peers		
Mean	2000	750	670	330	66%	40%	33%
Median	2150	610	520	240	62%	35%	15%

9 month Review: Productivity Improvements and Restructuring Initiatives Drive Results

NA Business: 53% consolidated sales. Sales rose 1.7% on price, units down 4.9%, op mgn expanded 580bps to 8.6% on price/mix. Current 2012 Outlook for flat to -2% industry demand.

LA Business: 27% of sales, sales off 3.3% on FX; X-FX sales rose 8.1%; strong unit gains and favorable mix; ongoing business op mgn (X-FX and X-BEFIEX) expanding. Current 2012 Outlook for 7%-10% industry growth.

EMEA sales off 7.2% X-FX; weak European demand, gross margin contracted 220bps. Current 2012 Outlook industry demand to drop 2%-3%.

Asia sales rose 3.8% X-FX, Favorable product/price mix with gross margin expansion. Current 2012 Outlook for a 5% -7% decline in demand.

On Q3 CC, Chairman & CEO Jeff Fettig stated "we fully expect our positive momentum to carry over into 2013 as we realize an even greater benefit from our restructuring and cost initiatives, as well as a continued strong cadence of new product introductions." Encouraged by NA trends in consumer confidence, housing starts and rental markets (leading demand indicators).

Average kitchen remodel \$111K according to Remodeling Magazine; KB Homes and Toll Brothers building new homes with larger kitchens to meet the a variety of lifestyle choices, including casualness, healthy options and the desire to show off the latest in price commercial grade home cooking appliances (WSJ 11/16/12).

IN SUM: WHR positioned to benefit from resumption of housing demand in US along with a trend for showcase kitchens. This could be a long term secular story based on improving domestic recovery and an expanding global middle class with a newly rationalized manufacturing base and an improved product line focused on innovation and gaining share in the higher-end appliance segment.

Where Fashion and Finance Meet

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