

ADD

Current Price (Rs)	: 1,384
Target Price (Rs)	: 1,490
Potential Upside	: 8%

Market Data

No. of shares	: 127 mn
Free Float	: 49.0%
Market Cap (USD)	: 2,044 mn
52-week High/ Low (Rs)	: 2,450/ 899
Avg. Daily Volume (6M)	: 0.48 mn
Avg. Daily Value (6M;USD)	: 6.52 mn
Bloomberg Code	: WHIRL IB
Promoters Holding	: 51.0%
FII / DII	: 11% / 28%

Price Performance

(%)	1M	3M	12M
Absolute	4.2	25.1	(30.3)
Relative	4.2	15.3	(33.6)

Source: Bloomberg

Over FY25-28E, we expect Whirlpool of India (Whirlpool) to gain market share and improve profitability, mainly on: (1) refrigerators – strengthening its market position in direct-cool segment with new launches, improving pricing, and launching premium frost-free; (2) washing machines – added front-load along with increasing warranties in semi-automatic; and (3) an improving incentive structure. Hence, we expect revenue/earnings CAGRs of 11%/19% over FY25-28E. Whirlpool has strong brand recall, strong balance sheet, and working capital management. We expect OCF/FCFF of Rs 14 bn/7.7 bn over FY26-28E and RoCE/RoCE (ex-cash) of 18%/57% in FY28E. We value Whirlpool at a P/E of 35x on Sep'27E EPS (lower multiple mainly because of lack of clarity on parent stake sale) and initiate with an ADD rating and a TP of Rs 1,490.

Refrigerators: Strong position in DC, expansion in FF

In the past two years, Whirlpool has improved its pricing and introduced new products like glass door in direct-cool (DC) and 3-star in frost-free (FF). This has made it the #2 player in DC (since May'24) and the leader in the 190-200 l category, mainly on highest SKUs and products. It increased its product launches in FF and plans to add products in the side-by-side/4-door categories in the next one year (as per channel checks). We expect Whirlpool's refrigerator business to see a 9% CAGR over FY25-28E with market share gains amid a weak demand environment

Washing machines: Market share gains across categories

Whirlpool has increased its product basket in washing machines (WM) by introducing FL. In semi-automatic, it has extended warranty from two to four years, ahead of competitors. Also, to strengthen its position at the entry level, it has improved its sourcing strategy (increasing outsourcing). It has introduced new technology products to lift market share. In top-load, its market share rose 250 bps YoY in FY25, mainly on aggressive pricing, advertising, and strong growth in Bloomwash. In front-load, it is ramping up its product basket and has introduced a five-year warranty, which is ahead of the industry. We expect Whirlpool's WM business to see an 11% CAGR over FY25-28E with a market share gain.

Distribution strategy revamp to increase penetration

Whirlpool increased its store promoter strength by ~2,000 in FY24. It changed the incentive structure for the channel and team from just volume to volume plus value and has strengthened its team. This helped it make strong market share gains across segments.

Financial summary (Consolidated)

Y/E March	FY24	FY25	FY26E	FY27E	FY28E
Sales (Rs mn)	68,298	79,194	85,287	96,400	1,08,154
EBITDA (Rs mn)	4,030	5,503	5,295	6,898	8,892
Adj. PAT (Rs mn)	2,432	3,558	3,408	4,616	6,186
Con. EPS* (Rs)	-	-	34.0	39.6	53.4
EPS (Rs)	19.2	28.0	26.9	36.4	48.8
Change YoY (%)	9	46	(4)	35	34
Previous EPS (Rs)	-	-	-	-	-
RoE (%)	6.1	9.2	8.1	10.0	11.9
RoCE (%)	9.4	13.6	12.2	15.0	17.8
P/E (x)	72.2	49.4	51.5	38.0	28.4
EV/E (x)	38.4	27.3	28.0	20.9	15.7

Source: *Consensus broker estimates, Company, Axis Capital

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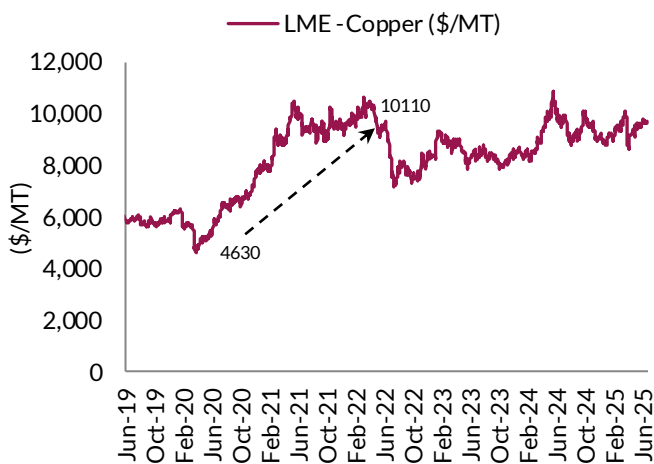
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What went wrong for Whirlpool in refrigerators?

Why did Whirlpool lose market share in DC?

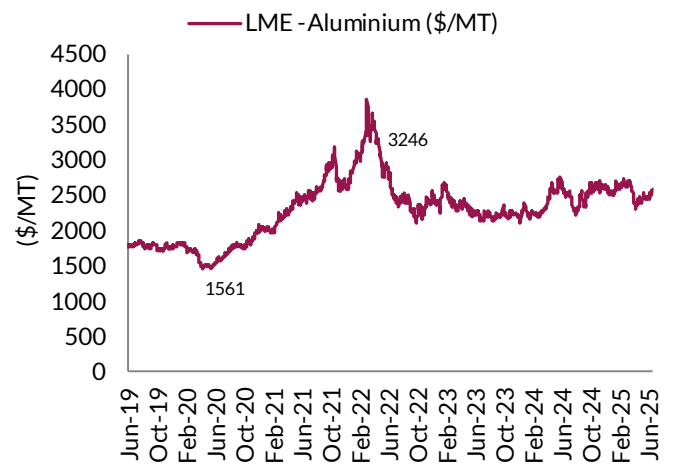
- **(1) During Covid**, people were increasingly working from home and began to feel the need for increased storage due to complete lockdowns and, hence, started shifting to higher capacities. Also, the adverse impact of the pandemic on the low-income population dented entry-level products with lower capacity.
- **(2) Commodity prices** increased significantly after Jan'20, so Whirlpool hiked prices ahead of South Korean players like Samsung and LG, which made its products costlier and led to market share loss.

Exhibit 1: Significant increase in copper prices during Covid



Source: Bloomberg, Axis Capital

Exhibit 2: Significant increase in aluminum prices during Covid



Source: Bloomberg Axis Capital

- **(3) BEE rating change and shift from gross capacity to net capacity:** Jan'23 onwards, BEE mandated the declaration of net capacity (not gross capacity) of a refrigerator unit along with star-rating changes. This mandate hit Whirlpool's two entry-level products - 185 l became outdated and 190 l (gross) faced strong competition from South Korean brands - and impacted its market share. It also had to change its 200 l model to 192 l and faced strong competition from Samsung 189 l, which further dented Whirlpool's market share in the 192 l category wherein it was the #1 player earlier. The company faced similar situations with its products in other segments as well.

How did Whirlpool regain market share in DC?

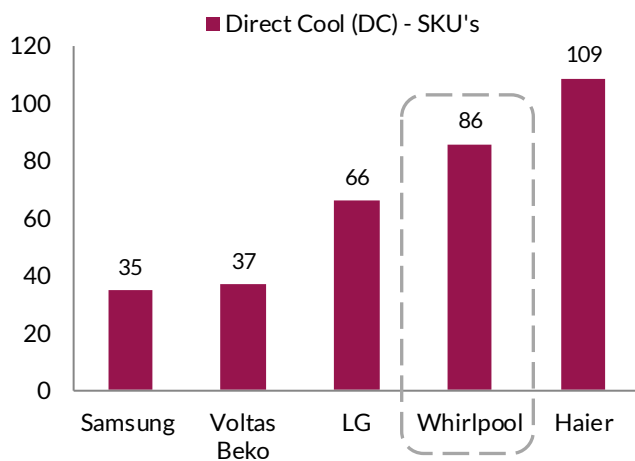
- Over Jan-Apr'23, Whirlpool adjusted pricing to become competitive in the market and upgraded its DC models to comply with the regulatory changes. This lowered its margins in H1FY24 but increased the market share.
- Strong product SKU addition along with improvement in technology helped the company regain its market position, especially in the >190 l category. Also, Whirlpool is the only company that has an auto-defrost feature in the DC single-door category (Vita Magic model). It also offers additional features in its models, such as ice in one hour (Ice Magic PRO Plus model) and glass door, which supported the gain in market share.
- **Whirlpool remains very aggressive in the >190-200 l range and is over index here with #1 position in 190-200 l.**

Introduced 5-star rating in all single-door refrigerators, thereby improved value-mix in the portfolio.

Exhibit 3: Whirlpool's price aggressiveness - product prices lower than that of South Korean models

Industry Capacity	Industry Share	Whirlpool-DC Revenue Share (%) *	Whirlpool		Samsung		LG	
			Gross Capacity	Net Capacity Price	Capacity Price	Capacity Price		
<190L	15%	9%	185L	Outdated	No Products		No Products	
		7%	190L	184L 16,790	183L 17,290	185L 17,490		
>190L<220L	70%	70%	200L	192L 17,990	189L 17,990	201L 19,490		
		9%	215L	207L 18,990	215L 19,990	210L 19,990		
>220L	15%	2.50%	245L	236L 20,990	223L 18,990	NA NA		

Source: Company, Axis Capital, *Estimate

Exhibit 4: Whirlpool has strong SKUs - in Top 2


Source: Company, Axis Capital

Exhibit 5: Highest SKUs in 192 l makes Whirlpool leader

Whirlpool		Samsung		LG	
Capacity	SKU	Capacity	SKU	Capacity	SKU
184L	23	183L	17	185L	32
192L	32	189L	3	190L	3
274L	3	215L	9	201L	12
207L	18	223L	4	205L-210L	8
236L	10	246L	2	224L, 235L, 261L	11
Total	86		35		66

Source: Company Website, Axis Capital

Exhibit 6: Whirlpool's glass door in DC sees strong gain


Source: Company, Axis Capital

Exhibit 7: Whirlpool's major features in DC vis-à-vis peers

Direct Cool Features	Whirlpool	Samsung	LG	Haier	IFB
Glass Door	✓	✗	✗	✓	✓
De-Frost	✓	✗	✗	✗	✗
1 hour ice technology	✓	✗	✗	✓	✗
Cooling Retention >10hr	✓	✗	✗	✗	✗

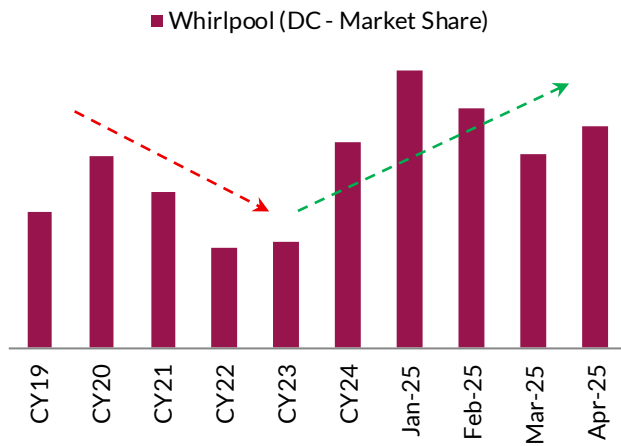
Source: Company, Axis Capital

Exhibit 8: Significant product launches in DC refrigerators

Year	Refrigerator
2019	The DC refrigerator segment saw the launch of the all-new IceMagic Pro Series wherein the unique 6th Sense Intellifrost Technology was extended beyond the Vitamagic range to the Icemagic range.
2020	The company introduced a new range of single-door refrigerators, IceMagic Pro. Offering contemporary design and advanced craftsmanship with its advanced 6th Sense IntelliFrost Technology powered by Intellisensor and advanced microprocessor.
2021	To further strengthen its position in the single-door refrigerator segment, the company has revamped the mid- to high-end portfolio with modern sleek design and best-in-class aesthetics. These products have been built on an all-new energy-efficient platform that gives the consumer best-in-class 5-star energy ratings. The Icemagic Pro Plus range single-door refrigerators are powered by the IntelliFrost.
2023	The company continued to strengthen its entry-segment refrigerator portfolio with its Icemagic and Vitamagic range of DC refrigerators.
2024	Launch of the all-new range of IceMagic Pro 5-Star range of DC refrigerators

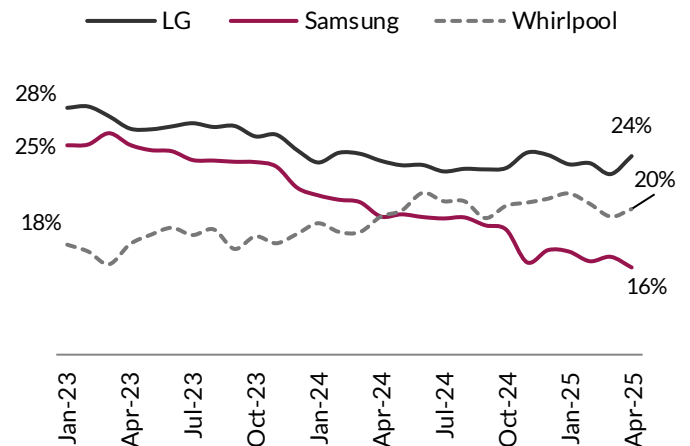
Source: Company, Axis Capital

Exhibit 9: Whirlpool – #2 player in DC refrigerators



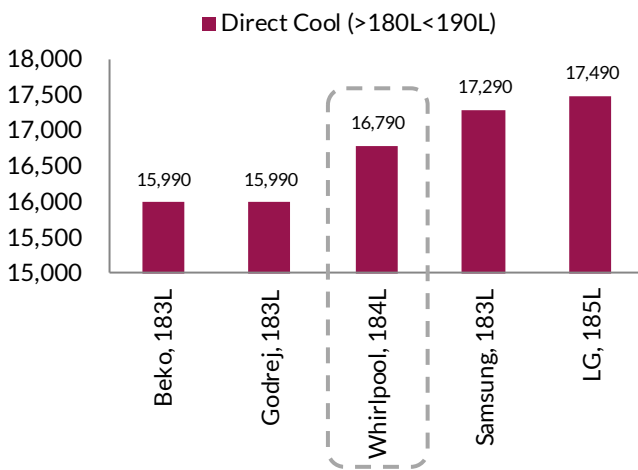
Source: Industry, Axis Capital

Exhibit 10: DC market share – Whirlpool gains, South Korean players lose



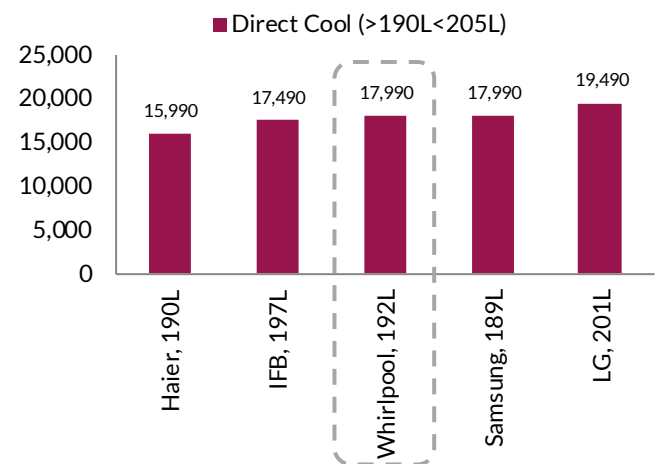
Source: Industry, Axis Capital

Exhibit 11: Whirlpool very price aggressive in <190 | DC



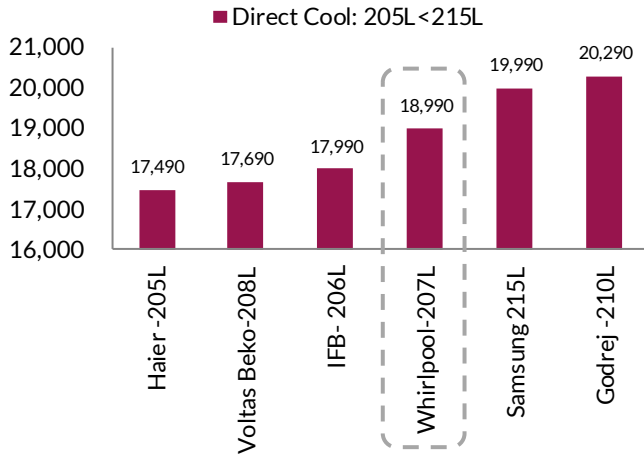
Source: Amazon, Axis Capital, 5 Star model

Exhibit 12: >190 | <201 | DC – Whirlpool leads, very few players in this range

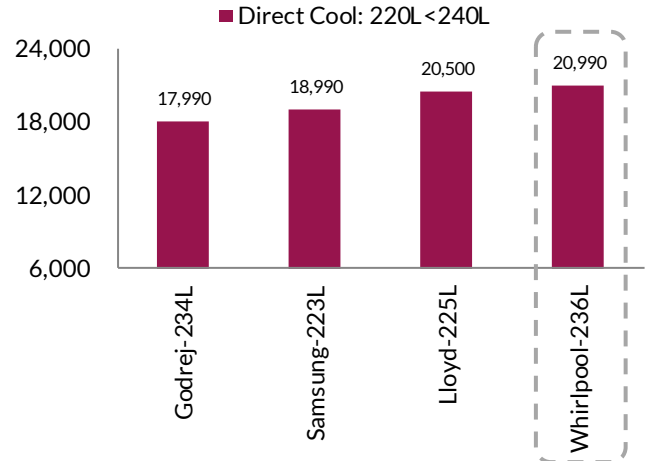


Source: Amazon, Axis Capital, 5 Star model

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Exhibit 13: >205 l <215 l – Whirlpool lost market share but is ramping up


Source: Amazon, Axis Capital, 5 Star model

Exhibit 14: In this range Whirlpool offers highest capacity and 4-star rating with premium pricing


Source: Amazon, Axis Capital. Best rating available product

What went wrong with frost-free?

- Due to change in energy rating, Whirlpool had to change its strong product 245 l to 212 l, which subsequently became outdated; it was a high-margin product and the changes impacted profitability. Whirlpool was left with the 235 l (265L gross) model which faced competition from Samsung's 236 l (net).
- Moreover, Whirlpool had lower SKUs in FF, particularly in the side-by-side category (market has grown significantly), which further dented its market share in this category.

What went right in frost-free?

- Improved its pricing across product categories and introduced significant SKUs along with new features with focus on value addition.
- In mid-2023, it launched 265-360-l FF refrigerators with 23-min-freezer feature, the quickest in the industry.

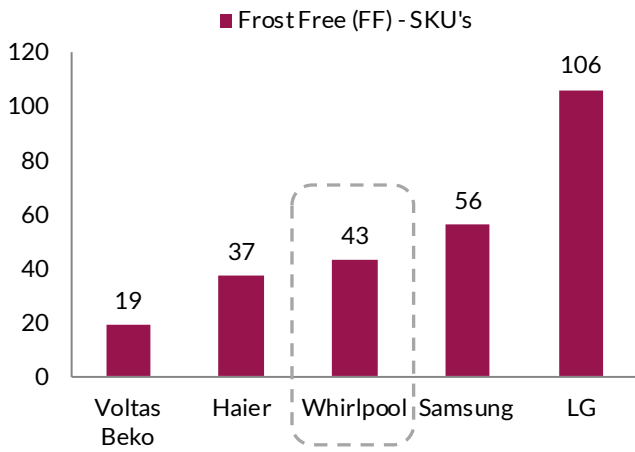
To gain market share in front-load, the company introduced a product with 5-year warranty and 3-star-rated products.

Exhibit 15: Past few years, Whirlpool added strong SKUs in FF

Year	New launches under Frost Free
2019	W-Series Global Range was launched in India. The W-Series series refrigerators come in two formats: side-by-side and 4-door.
2020	The FF refrigerator segment saw the launch of the Intellifresh range with an advanced 5-in-1 convertible freezer. To establish a premium image, Whirlpool launched India's first Premium Metallic Grey interiors. The product also offered satin chrome trims and bins to enhance the inner aesthetics.
2021	The company has launched the Intellifresh Pro series of Bottom Mount refrigerators with Adaptive Intelligence technology that automatically senses changes in weather, load, and usage patterns and adapts the cooling accordingly.
2022	1. The company has further strengthened this product range with the introduction of the Intellifresh Pro Convertible Range of Bottom Mount refrigerators. 2. The company has launched the Neo Fresh Range of glass-door FF refrigerators.
2023	The company launched the Intellifresh Prorange of FF refrigerators with features such as 10-in-1 convertible mode. To cater to a wide range of consumer preferences, this range has been launched in capacities of 212-327 l, available in attractive metallic and glass-door finishes.

Source: Company, Axis Capital

Exhibit 16: Whirlpool working to strengthen its FF range



Source: Company, Axis Capital

Exhibit 17: Whirlpool enjoys strong position in triple-door range but is weak in SBS and French door categories

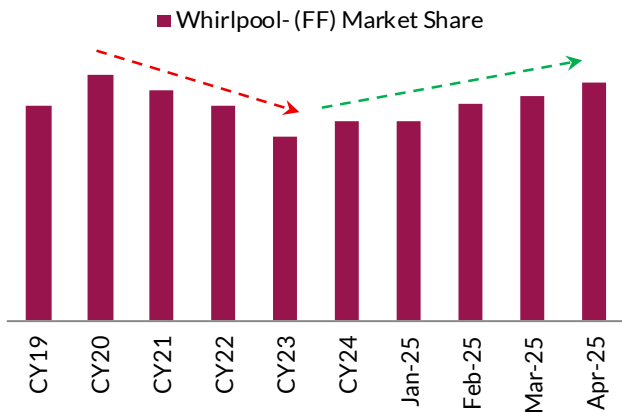
Frost Free- SKU	Whirlpool	Samsung	LG
Double Doors	33	28	55
Three Door	5	2	2
Bottom Mount	3	3	3
Side by Side	1	18	42
4 Door- French	1	6	4
Total	43	56	106

Source: Company, Axis Capital

Side by side (SBS) is overall 15% of the FF market; Whirlpool has new products in the pipeline to inch up the

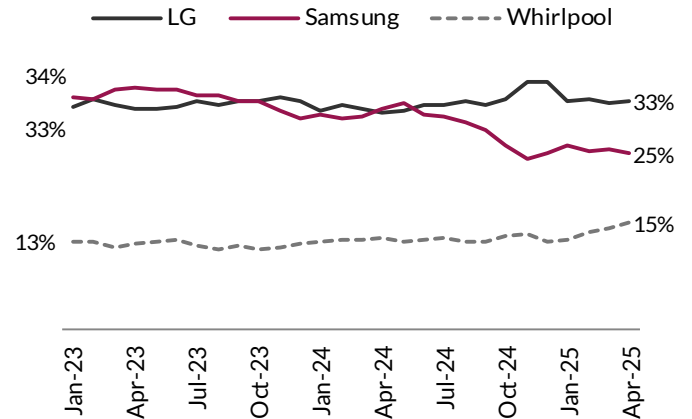
Whirlpool enjoys strong market position in 3-door

Exhibit 18: Whirlpool lost market share due to low SKUs; but with new SKU addition, it maintains market share



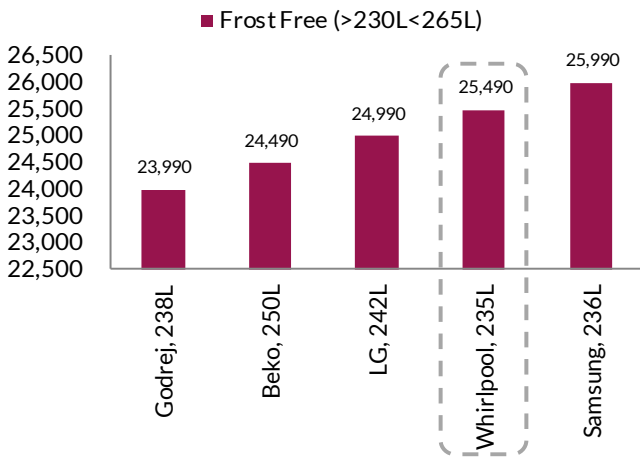
Source: Industry, Axis Capital

Exhibit 19: Whirlpool's market share in FF refrigerators rising



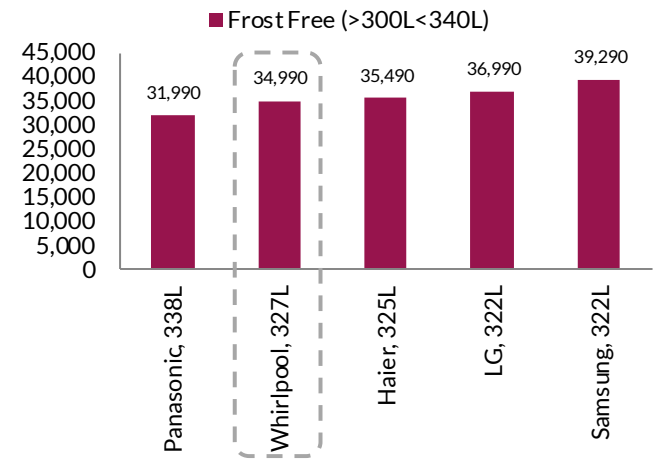
Source: Industry, Axis Capital

Exhibit 20: Whirlpool has premium pricing in FF vs peers



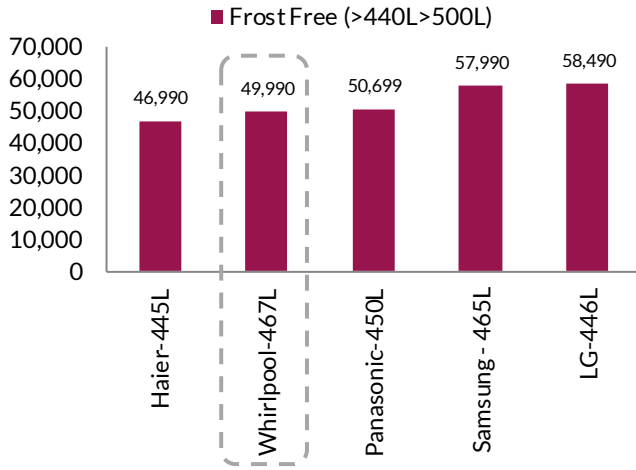
Source: Amazon, Axis Capital, 3 Star model

Exhibit 21: Whirlpool is catching up in some ranges, with focus on more SKU addition

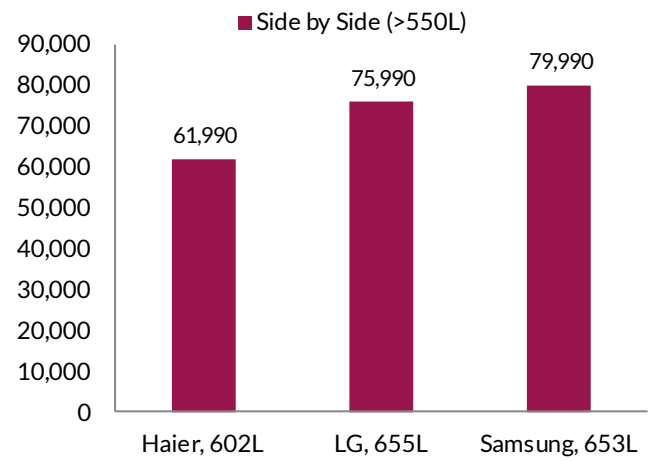


Source: Amazon, Axis Capital

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Exhibit 22: Whirlpool weak in higher capacity but increasing SKUs in these ranges


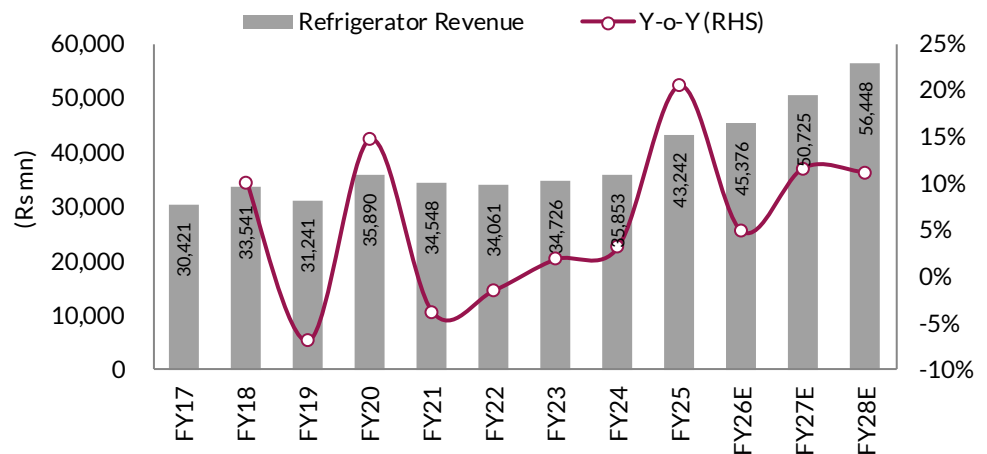
Source: Flipkart, Axis Capital, 3 stars

Exhibit 23: Whirlpool working on developing side-by-side ranges


Source: Amazon, Axis Capital

Over the next two to three years, we expect Whirlpool's refrigerator revenue to see ~9% CAGR over FY25-28E, mainly on:

- increasing market share in the entry-level segment along with price improvement;
- focus on new SKU additions, both in DC and FF, with the latest technology, ahead of the industry;
- strengthened focus on adding new SKUs in capacity above 350 l, with features like triple door, French door (four doors), bottom-mount, and glass doors, to grow in the premium segment;
- leveraging manufacturing capacities to strengthen products, and better supply chain management;
- revamp of distribution with more store promoters on the ground; and
- expected revival in demand.

Exhibit 24: We expect Whirlpool's refrigerator revenue to see ~9% CAGR over FY25-28E


Source: Company, Axis Capital

Channel checks on refrigerators

- Whirlpool's refrigerator category is doing very well because of (1) affordable pricing, (2) improved product basket, (3) better margins to the channel vs other brands, (4) less complaints regarding damaged products, and (5) a smooth channel policy.
- Its double-door category is getting a strong response, but the side-by-side (SBS) category is not getting much response. Its 300-350 l category is doing extremely well now.
- In FF, glass-door models of Whirlpool and Haier are very affordable vs the South Korean models. Today, Whirlpool is on a par with the South Korean brands.
- Whirlpool's DC glass-door models have grown 3x since launch. Currently, the DC glass-door models are available with Whirlpool, IFB, and Haier.
- South Korean players are struggling due to significant changes in teams, lack of innovation, and shift towards more premium products, which are benefiting players like Whirlpool and Haier.
- Whirlpool is planning to invest in the SBS and French door categories, which would help in FF market share gain.
- Whirlpool has launched glass-door DC models in North India and is expected to launch in other regions. This is expected to result in a significant revenue contribution.
- Whirlpool has launched DC models that look larger vs that of peers. This is helping it gain market share.

Exhibit 25: Whirlpool – refrigerator portfolio



Source: Company, Axis Capital

Washing machine segment rebounds with new product addition

Whirlpool began with semi-automatic WMs. Over the years, it expanded its product range to include top-load WMs. In H2FY23, it started manufacturing front-load WMs in India, thereby further widening its product portfolio. We believe that Whirlpool is now filling up the gaps in its product portfolio with a major focus on expanding its premium category as well as offering better technology and pricing vs peers. Whirlpool invested ~Rs 1.45 bn and started manufacturing front-load WMs in Puducherry with an annual capacity of ~4,00,000 units.

To promote its Bloomwash WM (premium product), it started TV/packaging campaign with Surf Excel in Jun'24.

What changes have Whirlpool made in the past two years to gain market share?

- Launched Bloomwash 360 - WM with built-in heater to lead the market.
- In semi-automatic, it extended the warranty period from two to four years. To gain market share in front-load, it introduced a product with five-year warranty. Also, to improve its market position in the entry level, it has changed its sourcing strategy (outsourcing).
- In semi-automatic, it launched Dynamix Detergent Dispenser, which removes detergent patches. This was launched in Q1FY25, ahead of industry.

Exhibit 26: Significant ahead-of-industry launches in WMs

Year	Washing machine
2019	1. Launched front-load WM category by increasing the brand footprint with the successful Made in Europe range of SupremeCare and FreshCare washing machines. 2. Launched all-new range of Bloomwash Pro Series ushered in the premium range in the top-load WM category with its perfect blend of form and function. 3. The semi-automatic WM continued to show strong gains with distribution expansion and driving large capacities with the 2019 iFDesign Award winning AceXL range.
2020	1. The company launched the widest range of 5 Star range of semi-automatic and top-load WMs with its proprietary 6th Sense logic to provide an incomparable wash experience.
2021	1. In line with its philosophy of Everyday Care, the company has launched the Stainwash Pro and Bloomwash Pro series of WMs with in-built heaters that are able to remove up to 99.9%* germs, as tested by NABL-accredited labs. 2. The company is amongst the first ones in the market to introduce the insta-heater in a semi-automatic WM.
2023	1. Entered the premium front-load category with the launch of the XpertCare range. 2. The company launched a new range of top-load fully automatic MWs. The all-new Stainwash Pro range is powered by 6th Sense Stainwash Technology and an in-built heater that removes up to 99.9% germs and allergens* and up to 40 tough stains*. 3. The company launched the all-new Hydrowash semi-automatic washing machine range with 3D Wave Technology.
2024	1. Launch of the all-new 4-year comprehensive warranty from Jan'24 is aimed to strengthen peace of mind and is driving competitive advantage through enhanced trust in the minds of the consumers. The company has also extended the comprehensive warranty period of its front-loading range to 5 years , making it the best-in-class warranty offering in the market.

Source: Company, Axis Capital

Exhibit 27: TV advertisement to promote top-load Bloomwash



Source: Company, Axis Capital

Exhibit 28: Promotion of key products with Surf Excel packaging



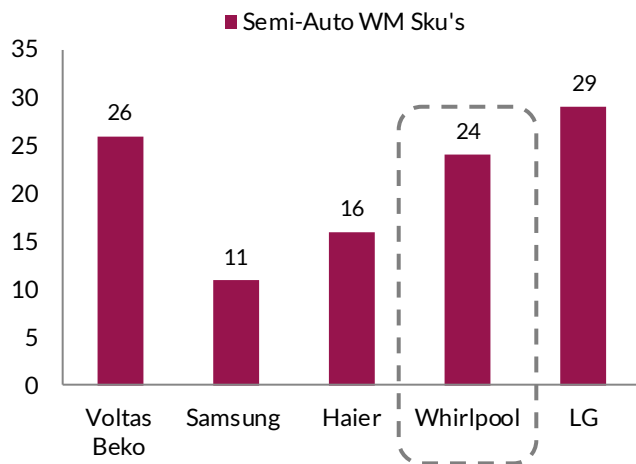
Source: Company, Axis Capital

According to our channel checks, South Korean players LG and Samsung are focusing on higher capacities in semi-automatic and hence losing market share to Voltas Beko and Whirlpool.

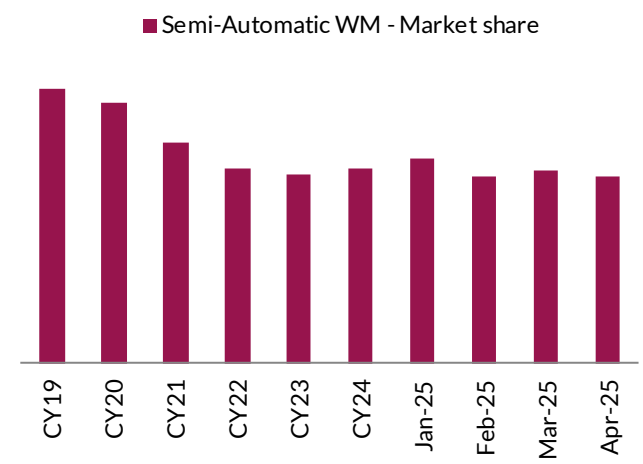
Exhibit 29: Whirlpool goes very aggressive in semi-automatic

Semi - Automatic	Voltas Beko		Whirlpool		Samsung		LG	
	Price	Amazon Rating	Price	Amazon Rating	Price	Amazon Rating	Price	Amazon Rating
6kg/6.5Kg	8,100	3.7	8,990	4.2	9,390	3.9	9,990	4.2
7kg	8,890	3.7	9,490	4.3	10,490	4.3	10,990	4.3
8/8.5kg	10,750	3.9	12,490	4.1	12,750	4.1	14,490	4.3
9kg	12,190	4	13,990	4.1	14,900	5	NA	NA

Source: Amazon, Axis Capital

Exhibit 30: Whirlpool has strong SKUs in semi-automatic


Source: Company, Axis Capital

Exhibit 31: Market share trend in WM - Whirlpool


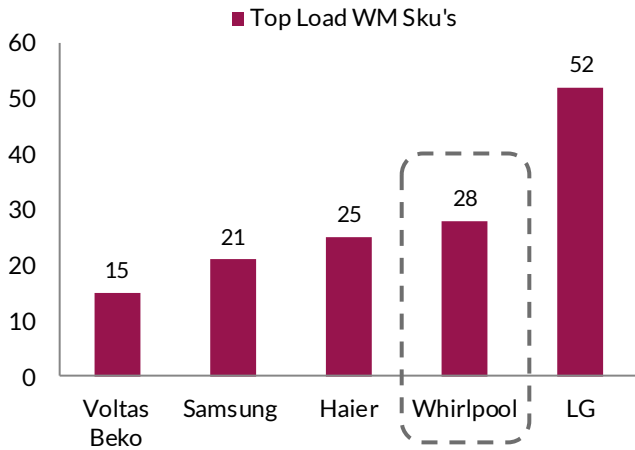
Source: Industry, Axis Capital

Exhibit 32: In FATL - Whirlpool's pricing is aggressive amongst top players

Fully Automatic- Top Load	Whirlpool		Samsung		LG		IFB	
	Price	Amazon Rating	Price	Amazon Rating	Price	Amazon Rating	Price	Amazon Rating
6kg/6.5kg	13,790	3.9	NA	NA	16,490	4.2	16,990	3.8
7kg	14,490	4	17,490	4.1	17,490	4.2	17,990	3.8
8kg	18,990	4	19,490	4.1	19,490	4.1	22,990	3.8
9kg	22,990	4	23,990	4.3	24,990	4.3	32,990	4.2
10kg	24,990	4	29,500	3.6	32,990	4.1	31,490	4.2

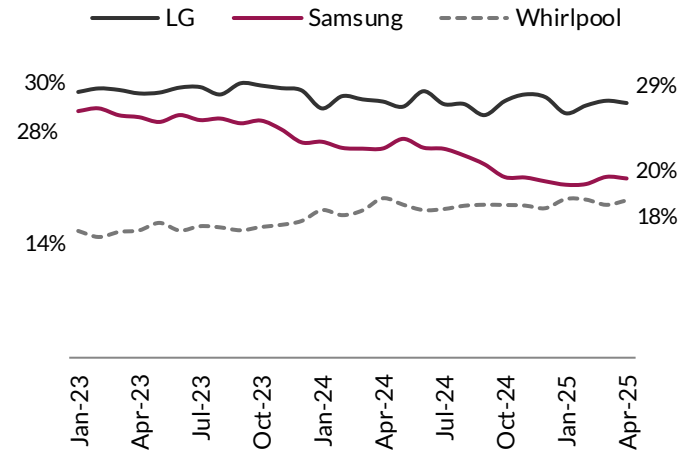
Source: Amazon, Axis Capital

Exhibit 33: With strong SKUs, Whirlpool gains market share



Source: Company, Axis Capital

Exhibit 34: Whirlpool gains market share in FATL



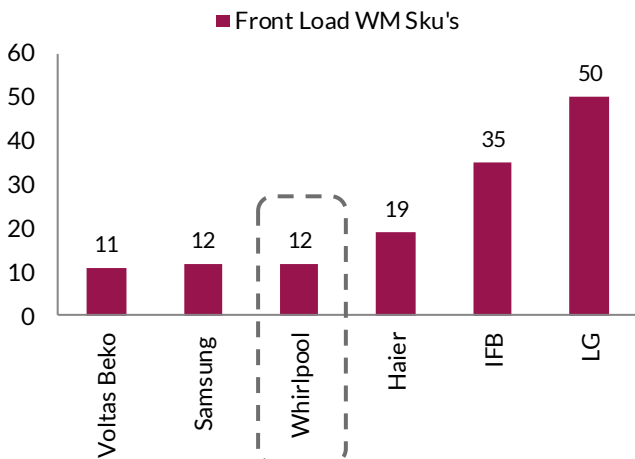
Source: Industry, Axis Capital

Exhibit 35: Whirlpool strengthens its front-load category with new manufacturing in place

Fully Automatic-Front Load	Whirlpool		Samsung		LG		IFB	
	Price	Amazon Rating	Price	Amazon Rating	Price	Amazon Rating	Price	Amazon Rating
7kg	25,990	3.9	29,990	4.3	29,990	4.2	28,990	4
8kg	29,990	4	37,990	4.2	34,990	4.2	37,390	4.2
9kg	35,990	4	37,990	4.3	38,990	4.2	38,590	4
10kg	NA	NA	NA	NA	46,990	3.7	48,590	4.4

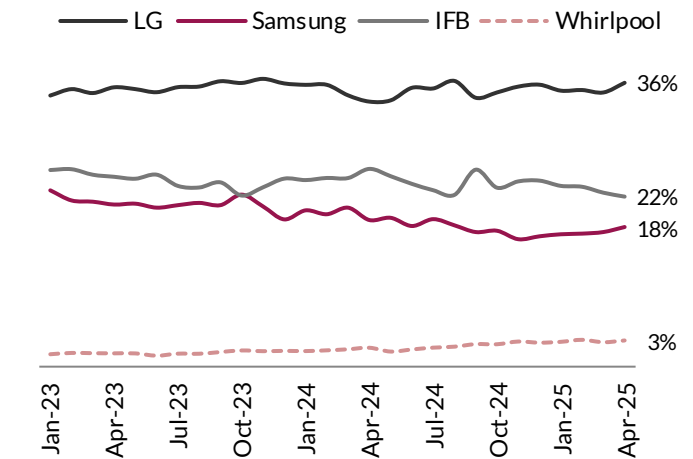
Source: Amazon, Axis Capital

Exhibit 36: Whirlpool working on improving product portfolio



Source: Company, Axis Capital

Exhibit 37: Whirlpool has low-single-digit share in FAFL



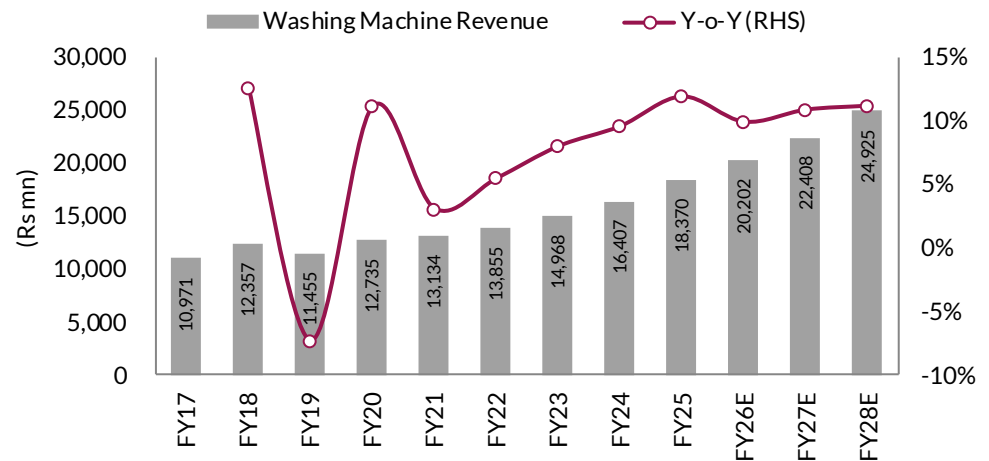
Source: Industry, Axis Capital

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We expect WM revenue CAGR of ~11% over FY25-28E, driven by

- Improving products across verticals
- Increasing share of premium products like front-load WM with in-house manufacturing
- Improvement in channel incentives along with product warranties
- Revamping distribution with more store promoters on ground
- Expected revival in demand

Exhibit 38: We expect WM CAGR of ~11% over FY25-28E



Source: Company, Axis Capital

Channel checks for WM

- Whirlpool is aggressive in front-load WMs across regions.
- Samsung and LG are struggling more in South India, as they do not have products in entry-level segment and as a result are losing to Whirlpool and Haier.
- To lift market share, Whirlpool is pricing its products lower than LG's.
- With the introduction of a four-year warranty, it will be able to inch up its market share, as the South Korean players offer only two-year warranty.
- Samsung and IFB lost market share in front-load WM to LG. However, Whirlpool has started taking some share from LG now with its new FL SKUs.
- Whirlpool introduced a five-year warranty on the front-load category, which is ahead of the industry, and with further work on pricing, it can grow the segment ahead of industry.
- In front-load, the company has taken pricing actions to push volumes.

Exhibit 39: Semi-automatic model with additional 2-year warranty



Source: Company, Axis Capital

Exhibit 40: Front-load – 5-year exclusive warranty (vs peers’ 2 years) to increase market share



Source: Company, Axis Capital

Exhibit 41: Fully automatic top-load top-selling models



Source: Company, Axis Capital

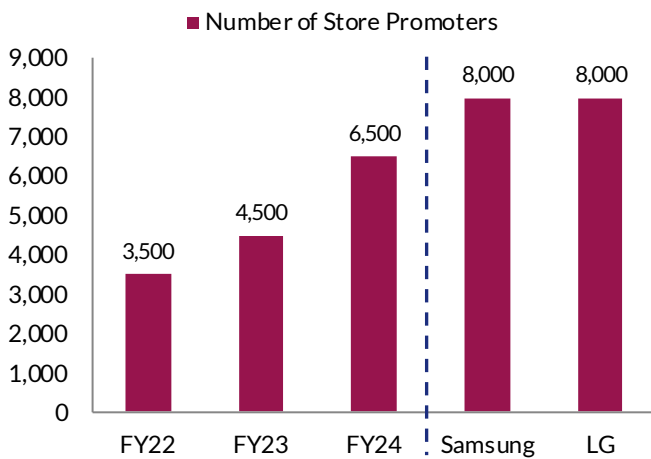
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We believe that with operating leverage, new promoters addition can generate OPM of 8-10%

Revamps distribution strategy to increase penetration

- **(1) Adding store promoters to increase revenue potential:** As per our channel checks, Whirlpool has added ~2,000 store promoters over the past one and a half years to lift its market share across products. Earlier, this strategy was missing, resulting in the channel's low confidence. However, with new management and this strategy, the channel is confident that store promoters will add significantly to revenue.

Exhibit 42: Whirlpool has been aggressive in store promoter addition, adding ~2,000 store promoters over FY22-24



Source: Axis Capital estimates

Exhibit 43: Revenue & margin potential from new store promoters addition

Store Promoter calculation	
New Promoters addition	2,000
Salary per month per Promoter (Rs)	20,000
Total Salary (Rs Mn)	480
Sales per month per Promoter	6,00,000
Total sales from promoters in a year (Rs Mn)	14,400
Gross Margin	35%
Other Expenses*	24%
OPM ex Salary	11.00%
EBITDA Ex Salary (Rs Mn)	1,584
Employee Expenses (INR Mn)	480
Total EBITDA from Promoters (Mn)	1,104
% margin *	7.7%

Source: Axis Capital estimates; *Not factoring operating leverage

Exhibit 44: What will change with new incentive structure – Axis Capital working

Region	Earlier				Now				
	Turnover (Rs Mn)	Growth-B	Weight-C	Incentive (B*C)	Turnover	Growth-B	Weight-C	Incentive (B*C)	
Global	1000	7%	0.3	2%	1000	7%	0	0%	
India	100	10%	0.2	2%	100	10%	0	0%	
West - A	50	15%	0.5	8%	50	15%	1	15%	
% of Incentive to be paid -D				12%	% of Incentive to be paid -D				15%
Amount of Incentive to be paid (A*D)				5.8	Amount of Incentive to be paid (A*D)				7.5

Source: Axis Capital Estimates

Exhibit 45: New team addition in Whirlpool

Name & Designation	Joined on	Previous Organisation & Designation
Narasimhan Eswar-MD	Mar-23	CEO- KI Mobility Solutions, Reckitt, P&G
Charu Agarwal-Director FP&A	May-23	Finance Head- Udaan
Anisha Sharma - Director Marketing	May-21	VP Marketing, Amway India

Source: LinkedIn Axis Capital

Exhibit 46: Departure of senior team members in Samsung and LG

Samsung		LG	
Name & Designation	Left on	Name & Designation	Left on
Kunal Agrawal - Head Operation	Jan-24	Amit Gujral - CMO	Nov-19
Nithianand Sellathurai-Head Sourcing	Mar-21	Nitin Malik- Head Moder Trade	Nov-21
Kunwar Raj Singh - West Head	Jan-20	Ashutosh Agrawal- AGM Marketing	Apr-24
Nikhil Kaura-DGM Strategy	Apr-23	Shailendra Chothe- AGM Quality	Mar-23

Source: LinkedIn Axis Capital

Acquired Elica to explore new market opportunities

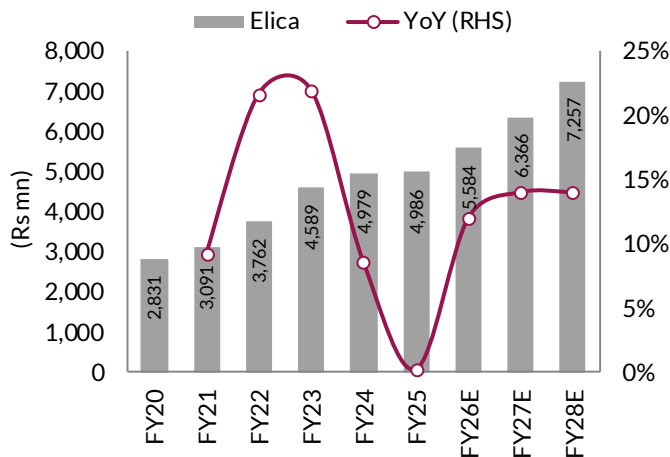
To cater to opportunities in small appliances – premium categories like kitchen chimneys, hobs, and ovens – Whirlpool acquired ~49% stake in Elica PB India Private Limited (Elica) for a consideration of ~Rs 1,749 mn in FY19. Elica is primarily engaged in the manufacture, assembly, and trading of an extensive range of kitchen appliances such as kitchen hoods, gas hobs, and cooktops. In FY21, Whirlpool bought an additional ~38.25% stake in Elica Whirlpool for a consideration of Rs 4,248 mn, taking its total shareholding in Elica Whirlpool to 87.25%. Elica Whirlpool has strong capabilities in local manufacturing, innovation, distribution, and brand awareness, which will help Whirlpool as a mass-premium cooking brand.

Exhibit 47: Elica Whirlpool enjoys a strong market position in chimneys

Chimney	Elica	Faber	Kaff	Glen	Sunflame
Market Share*	20%	23%	11%	9%	8-10%
Price (INR)	10,999	12,170	11,999	10,790	11,646
Amazon Rating	4.6	4.5	4	4.1	3.6
Features	1) Filter less, suction capacity of 1200 m ³ /hr. Size 60cm 2) Auto Clean and Motion sensor 3) Warranty: 5 years on Motor and 2 years on product.	1) Auto Clean Blower 1200 m ³ /hr. (Two-Way Suction), Size 60cm 2) 8 Yrs Warranty on Motor and 2 Yrs Con product	1) Filter Less + Dry Heat Auto Clean Technology, Air flow (up to): 1180 Nm ³ /h, Size: 60cm	1) Motion sensor, Filter less and cleaning filters, airflow of 1200m ³ /hr. 2) 7 Year warranty on motor and 1 year on product.	1) Filter less, Auto Clean and suction power of 1250 m ³ /hr. 2) 1-year on the product and a 5-year coverage on the motor.

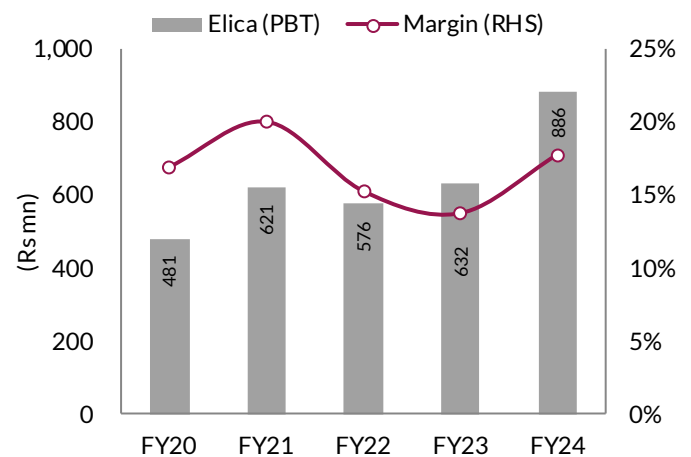
Source: Amazon, Axis Capital, *our estimate

Exhibit 48: Elica Whirlpool's revenue saw ~12% CAGR over FY20-25; we expect ~13% CAGR over FY25-28E



Source: Company, Axis Capital

Exhibit 49: Elica Whirlpool's profitability is strong due to premium products



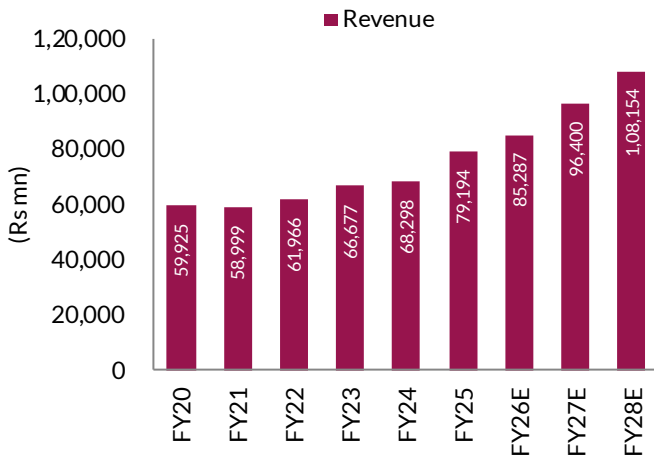
Source: Company, Axis Capital

Financial analysis

Revenue: We expect a CAGR of 11% over FY25-28E, driven by

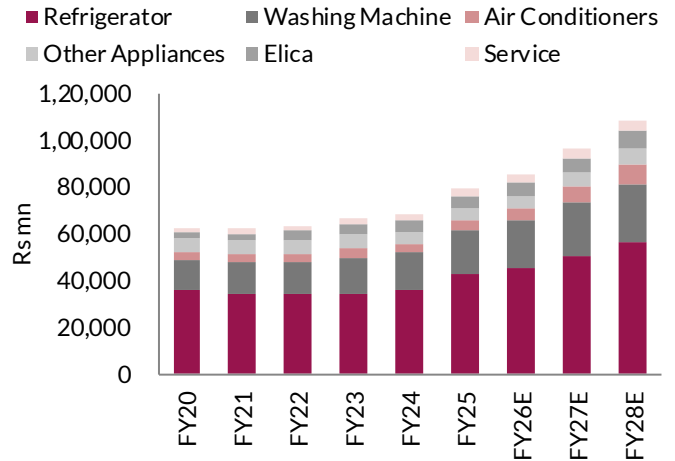
- Strong focus on developing/expanding product basket
- Revamping distribution strategies to increase market reach
- Adding more store promoters on the ground to build channel confidence
- Aggressive spending on promoting new products
- Positioning Elica Whirlpool to explore new market potential

Exhibit 50: We expect ~11% revenue CAGR over FY25-28E



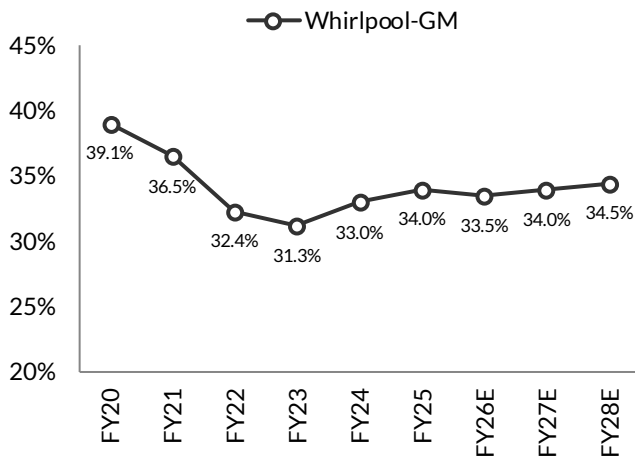
Source: Company, Axis Capital

Exhibit 51: Growth will be across categories



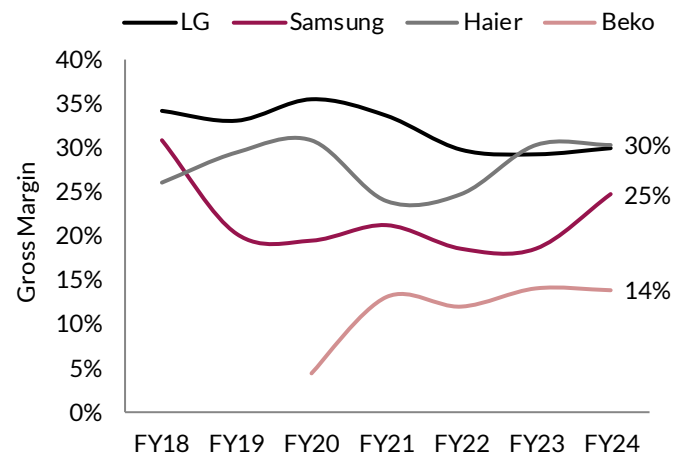
Source: Company, Axis Capital

Exhibit 52: Gross margin to improve going ahead with increasing share of premium product

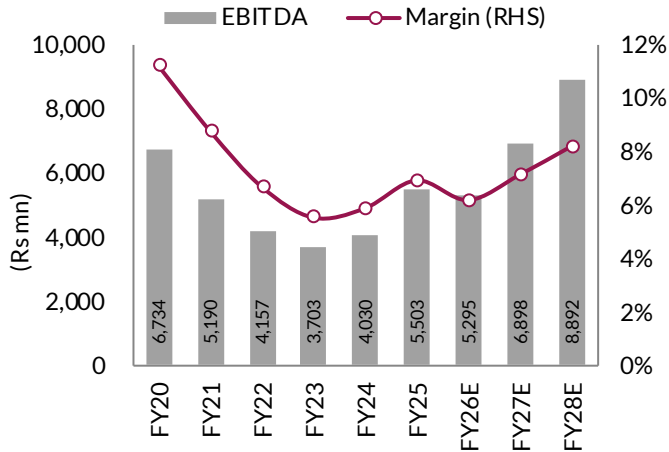


Source: Company, Axis Capital

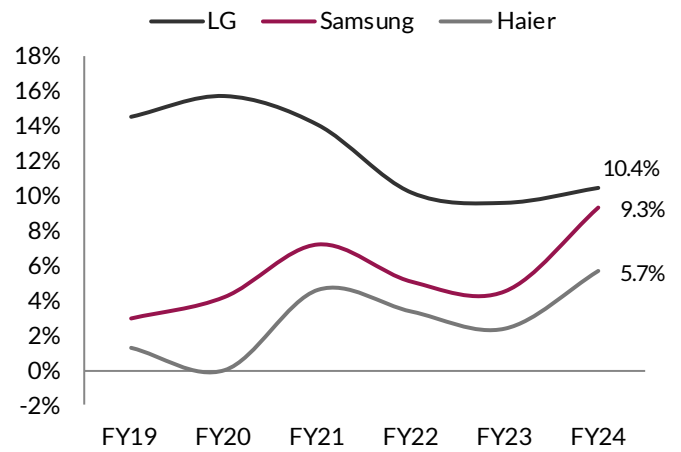
Exhibit 53: Peers' gross margins are lower than Whirlpool's



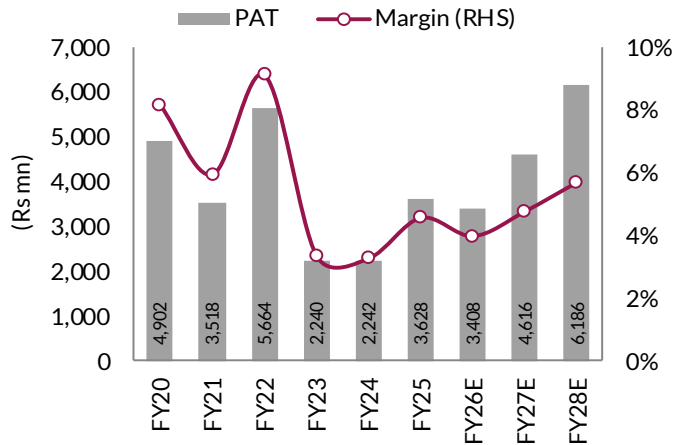
Source: Company, Axis Capital

Exhibit 54: EBITDA CAGR of ~17%, driven by cost programs (P4G) and operating leverage


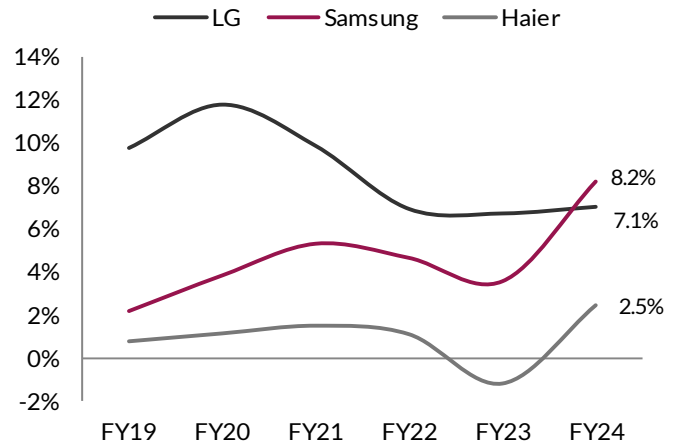
Source: Company, Axis Capital

Exhibit 55: Peers' EBITDA margins: South Korean companies like LG/Samsung focus on premium portfolio, hence their margins are higher than Whirlpool's


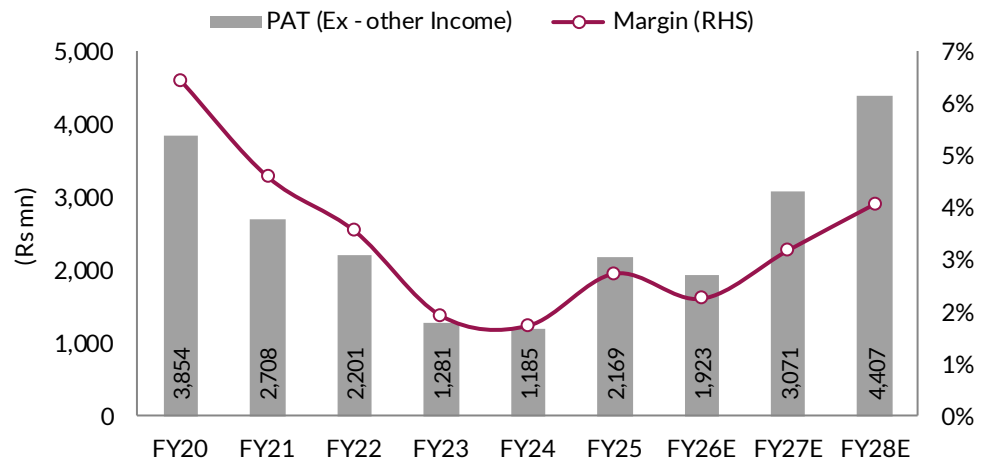
Source: Company, Axis Capital

Exhibit 56: PAT CAGR of ~19% over FY25-28E


Source: Company, Axis Capital

Exhibit 57: Peers' PAT margins


Source: Company, Axis Capital

Exhibit 58: Whirlpool to see PAT (Ex other income) CAGR of ~27% over FY25-28E


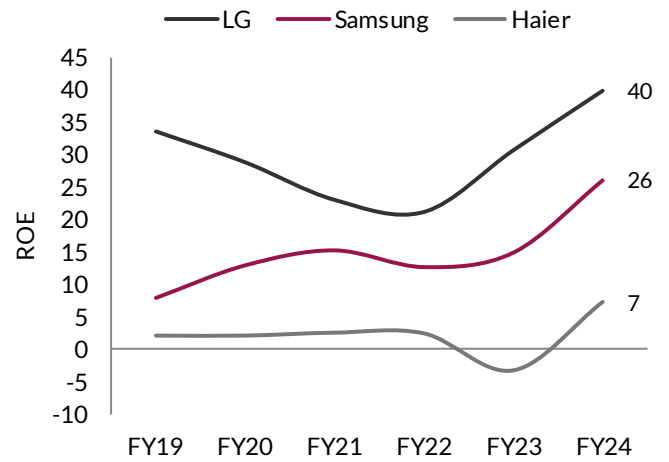
Source: Company, Axis Capital

Exhibit 59: DuPont analysis: RoE expansion driven by profitability and better asset turns

Duo-point Analysis	FY23	FY24	FY25	FY26E	FY27E	FY28E
PAT Margin	3%	3%	5%	4%	5%	6%
Asset Turnover (x)	1.8	1.8	2.0	2.0	2.1	2.1
Leverage (x)	1.1	1.0	1.0	1.0	1.0	1.0
ROE	6.4%	6.1%	9.2%	8.1%	10.0%	11.9%

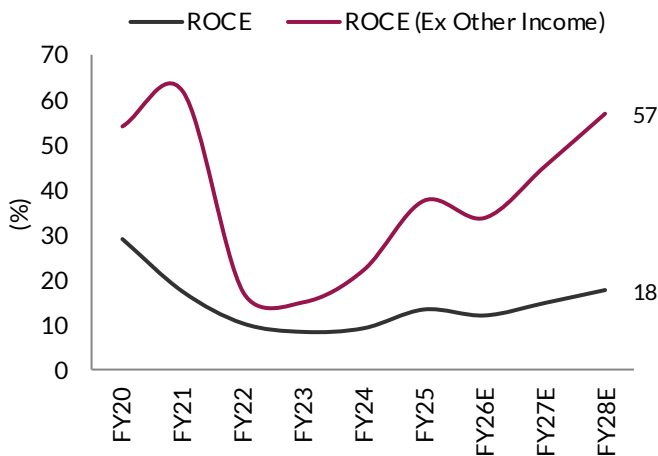
Source: Company, Axis Capital

Exhibit 60: Peers' RoE trend over FY18-23



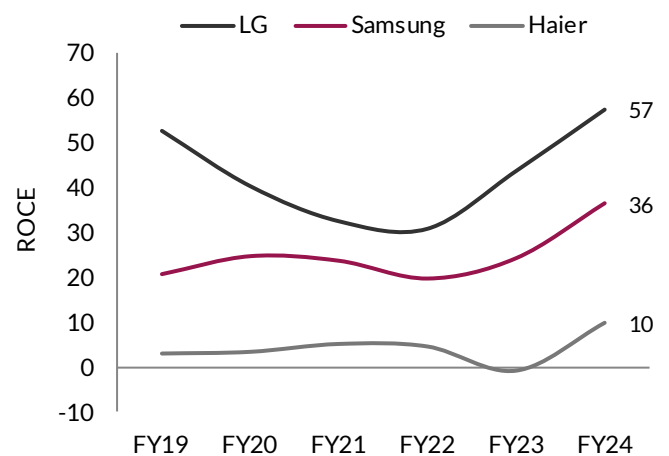
Source: Company, Axis Capital

Exhibit 61: Whirlpool has a strong RoCE profile



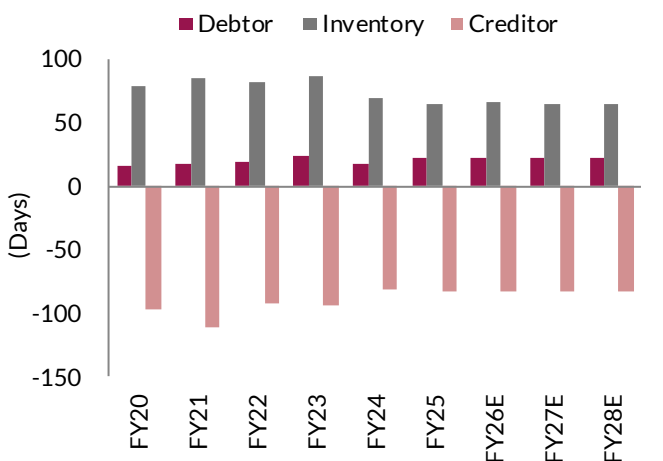
Source: Company, Axis Capital

Exhibit 62: Peers' RoCE trends



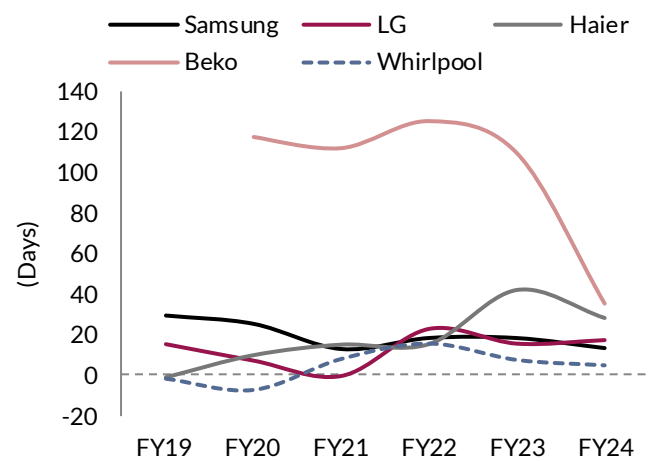
Source: Company, Axis Capital

Exhibit 63: Strong working capital management led to strong cashflows



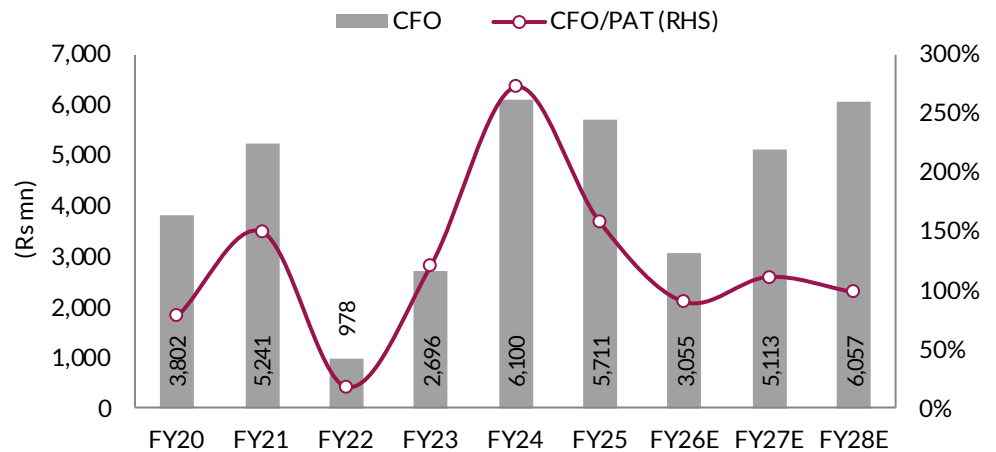
Source: Company, Axis Capital

Exhibit 64: Whirlpool's working capital lower than peers'



Source: Company, Axis Capital

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Exhibit 65: Whirlpool generates ~100% cash yield


Source: Company, Axis Capital

Peer comparison
Exhibit 66: Peer comparison – on like-to-like segment basis

Companies	FY19	FY20	FY21	FY22	FY23	FY24	CAGR - 5 Yr
Revenue (Rs Mn) *							
LGEIL	1,09,049	1,14,780	1,08,574	1,24,182	1,50,307	1,56,797	8%
Samsung	74,082	78,328	79,120	99,812	1,18,444	1,13,884	9%
Whirlpool	47,555	53,192	53,809	57,809	62,973	64,268	6%
Haier**	29,795	35,501	33,744	44,889	54,289	63,055	16%
Voltas Beko	994	2,902	6,369	9,445	11,018	16,029	74%
EBITDA/EBIT (Rs Mn) *							
LGEIL	16,015	18,443	15,345	11,747	12,998	16,743	1%
Samsung	3,507	3,043	1,069	1,719	-2,386	3,730	1%
Whirlpool	6,422	6,734	5,190	4,157	3,703	4,030	-9%
Haier**	376	-7	1,548	1,500	1,282	3,575	57%
Voltas Beko	-1,023	-1,445	-1,033	-1,549	-1,576	-1,698	NA
EBITDA/EBIT (Margin)*							
LGEIL	14.7%	16.1%	14.1%	9.5%	8.6%	10.7%	
Samsung	4.7%	3.9%	1.4%	1.7%	-2.0%	3.3%	
Whirlpool	13.5%	12.7%	9.6%	7.2%	5.9%	6.3%	
Haier**	1.3%	0.0%	4.6%	3.3%	2.4%	5.7%	
Voltas Beko	-102.9%	-49.8%	-16.2%	-16.4%	-14.3%	-10.6%	
PAT (Margin)***							
LGEIL	15,345	18,544	15,290	11,747	13,449	15,111	0%
Samsung	15,405	29,026	40,409	38,449	34,501	81,887	40%
Whirlpool	4,097	4,902	3,518	5,664	2,240	2,242	-11%
Haier**	235.9	411.6	511.8	502.9	-635.1	1555.5	46%
Voltas Beko	-987	-1,465	-1,311	-2,223	-2,507	-2,671	NA

Source: Company, Axis Capital, * Samsung & LGEIL – we have taken Revenue & EBIT of Home Appliances division and for rest is actual revenue & EBITDA.

Haier CY is treated as next FY. *PAT is total and not segmental

According to our recent checks, in past one year, Whirlpool started aggressive selling of RACs in South India

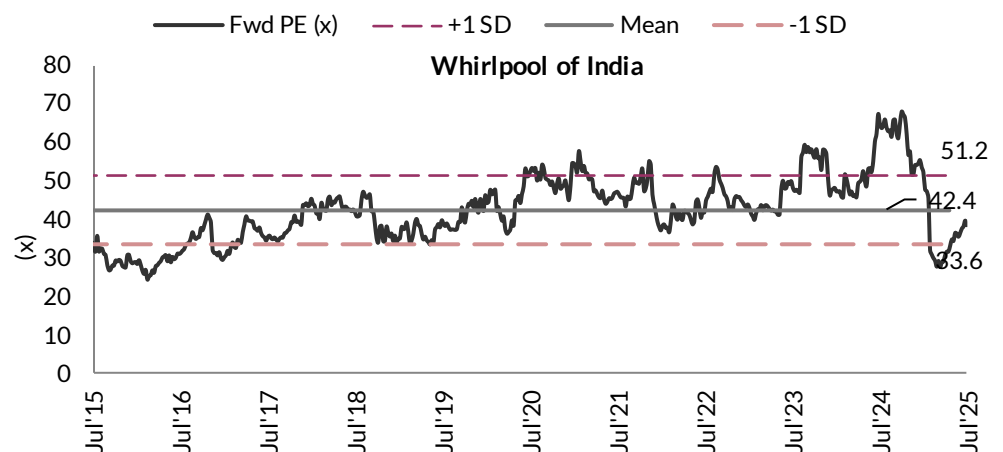
Outlook and valuation

Whirlpool enjoys leadership (amongst the Top 3 players) across WMs, refrigerators, and kitchen cooking appliances (through Elica Whirlpool). We expect Whirlpool to gain market share and improve profitability over the next two to three years, driven by:

- Refrigerators: Strengthening its market position in DC with significant new launches, improving pricing, focusing on launching premium ranges of FF.
- WMs: Extending warranty in semi-automatic; introducing front-load with five-year warranties and expanding products in top-load.
- Increasing store promoters and incentive structure to channel and sales.
- Tapping new opportunities in the premium kitchen segment.
- Clarity on parent stake sale will lead to increased focus on the Indian market.

Hence, we expect revenue/earnings CAGRs of 11/19% over FY25-28E. Whirlpool has strong brand recall, strong balance sheet, and working capital management. We expect OCF/FCFF of Rs 14 bn/7.7 bn over FY26-28E and RoCE/RoCE (ex-cash) of 18/57% in FY28E. We value Whirlpool at a P/E of 35x on Sep'27E EPS (lower multiple mainly because of lack of clarity on parent stake sale) and initiate with an ADD rating and a TP of Rs 1,490.

Exhibit 67: 1-year P/E chart - Whirlpool trades below 10-year average P/E



Source: Company, Axis Capital

Key risks

- Complete stake sale by parent may impact technology partnerships.
- Increase in inflation and interest rates may impact buying decisions.
- Increase in competition.
- Delays in innovations and introducing new products.

Whirlpool owns three state-of-the-art manufacturing facilities in Faridabad (WM, refrigerator, other home appliances), Pondicherry (WM), and Pune (refrigerator).

Annexure 1: About the company

Whirlpool entered India in the late 1980s as part of its global expansion strategy. It forayed into the market with a JV with the TVS group and established the first Whirlpool manufacturing facility in Pondicherry for WMs. In 1995, Whirlpool acquired Kelvinator India Limited, marking an entry into the refrigerator market as well, and made acquisition of major shares in the JV with TVS. In 1996, the Kelvinator and TVS acquisitions were merged to create Whirlpool of India Limited. This expanded the company's portfolio in the Indian subcontinent to WMs, refrigerators, microwave ovens, and air-conditioners.

Whirlpool's journey in India

- **1980:** Formed JV with TVS group for WMs.
- **1995:** Acquired Kelvinator to foray into refrigerator.
- **2018:** Acquired a 48% stake in Elica PB India, a manufacturer of kitchen cooktops/kitchen appliances.
- **2022:** Acquired an additional 38.25% share in Elica PB Whirlpool Kitchen Appliances Private Limited.
- Strong management to drive the business ahead.

Exhibit 68: Management team

Name	Designation	Since	Qualification
Mr Arvind Uppal	Chairman	2005	Mr Arvind Uppal was appointed as Managing Director of the Company effective from 16 Feb 2005. Mr Arvind Uppal is a B.Tech from IIT Delhi and is a post-graduate in Management from the Faculty of Management Studies, Delhi. He has over 32 years of experience in Business Development, International Marketing and General Management. Prior to joining Whirlpool he was with Nestle in India and overseas. He was appointed as Chairman of your Company effective from 27 Jan'10. He is a Director on the Board of other Indian Companies, i.e. Gulf Oil, Eureka Forbes and Amber Enterprises Limited. With effect from 1 Jan'18 he was Chairman & Non - Executive Director of Whirlpool of India Limited. Further, with effect from 17 Aug'21 he has been appointed as Chairman and Independent Director of the Company.
Mr Narashimhan Eswar	Managing Director	2023	Mr Narasimhan Eswar has been appointed as Managing Director, Whirlpool of India Limited with effect from 4 Apr'23. Mr. Eswar holds a bachelor's degree in mechanical engineering from Indian Institute of Technology (BHU), Varanasi and a postgraduate degree in management from the Indian Institute of Management, Ahmedabad. He has joined the Company from Ki Mobility Solutions Private Limited, where he was Chief Executive Officer and President. Mr. Eswar has experience of around 30 years of building brands and businesses, mostly with Procter & Gamble and then Reckitt Benckiser in leadership roles in marketing and management across India, South Africa, Switzerland, UK, Spain, Hong Kong and Thailand.
Mr Aditya Jain	Chief Financial Officer	2020	Mr Aditya Jain, aged 42 years, in his 21 years of professional experience, has worked with reputed organisations like Pepsico India, ICICI Paints, Gillette etc in various roles like accounting, financial planning and analysis, commercial finance, controllership etc. Mr Jain joined Whirlpool in 2011 and has handled various diverse roles. Currently, he is holding the position of VP-Asia Finance. He is a member of Institute of Chartered Accountants of India (ICAI) and Institute of Company Secretaries of India (ICSI).
Ms Roopali Singh	Sr. Director Legal and Company Secretary	2017	Heading the compliance at Whirlpool of India. She is a certified Company Secretary from ICSI.

Source: Company, Axis Capital

Annexure 2: Whirlpool Corporation – financials and stake sale

Exhibit 69: Whirlpool Corporation financials snapshot

In USD Mn	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Revenue	18,143	18,769	19,872	20,891	20,718	21,253	21,037	20,419	19,456	21,985	19,724	19,455	16,607
Growth (YoY)	-2.8	3.5	5.9	5.1	-0.8	2.6	-1	-2.9	-4.7	13	-10.3	-1.4	-14.6
EBITDA	1,420	1,789	1,748	1,910	2,023	1,790	924	2,372	2,419	3,076	-363	1,611	897
Growth (YoY)	5.2	26	-2.3	9.3	5.9	-11.5	-48.4	156.7	2	27.2	—	—	-44
Net Income/Net Profit (Losses)	401	827	650	783	888	350	-183	1,184	1,075	1,783	-1,519	481	-323
Growth (YoY)	2.8	106.2	-21.4	20.5	13.4	-60.6	—	—	-9.2	65.9	—	—	—
Cash From Operations	696	1,262	1,479	1,225	1,203	1,264	1,229	1,230	1,500	2,176	1,390	915	835
Growth (YoY)	31.3	81.3	17.2	-17.2	-1.8	5.1	-2.8	0.1	22	45.1	-36.1	-34.2	-9
Short- and Long-Term Debt	2,461	2,463	4,347	3,998	4,470	5,218	6,027	5,937	6,381	6,207	8,367	7,214	6,608
Growth (YoY)	-1.2	0.1	76.5	-8	11.8	16.7	15.5	-1.5	7.5	-2.7	34.8	-4.4	-8
Net Debt	1,293	1,083	3,321	3,226	3,385	4,022	4,529	3,985	3,457	3,163	6,409	5,644	5,333
Growth (YoY)	-6.4	-16.2	206.6	-2.9	4.9	18.8	12.6	-12	-13.2	-8.5	102.6	0.4	-6
Capital Expenditures/Prop Add	-476	-578	-720	-689	-660	-684	-590	-532	-410	-525	-570	-549	-451
Growth (YoY)	-21.7	21.4	24.6	-4.3	-4.2	3.6	-13.7	-9.8	-22.9	28	8.6	-3.7	-18

Source: Bloomberg, Axis Capital

Debt increase on loan taken to acquire InSinkErator for USD 2.5 bn.

Whirlpool Corporation reduced its holding from 75% to 51% by stake sales in FY24; it intends to further reduce stake to 20% in CY25.

Exhibit 70: Stake sale in past 5 years by Whirlpool Corporation

Stake Sale	Year	Consideration (USD Mn)	Comments
Sold Embraco (Brazil) compressor business	2019	1,080	Nil
Entered agreement to sell its Turkish (Middle East) subsidiary to Arçelik.	2021	93	Recognized a loss on sale of USD 164Mn.
Guangdong Galanz Household Appliances Manufacturing Co., Ltd. ("Galanz") announced its intention to pursue a tender offer for majority control of Whirlpool China Co. Ltd.	2021	193	Nil
Entered into agreement to sell Russia Business.	2022	-	Recognised impairment charge of \$333 Mn
Sold c.24% of Stake in Whirlpool of India. Utilise the proceeds to pay off the debt	2024	468	Nil
Total		1,834	

Source: Company, Axis Capital

Financial summary (Consolidated)
Profit & Loss (Rs mn)

Y/E March	FY24	FY25	FY26E	FY27E	FY28E
Net sales	68,298	79,194	85,287	96,400	1,08,154
Other operating income	-	-	-	-	-
Total operating income	68,298	79,194	85,287	96,400	1,08,154
Cost of goods sold	(45,757)	(52,248)	(56,716)	(63,624)	(70,841)
Gross profit	22,541	26,946	28,571	32,776	37,313
Gross margin (%)	33	34	34	34	35
Total operating expenses	(18,511)	(21,443)	(23,276)	(25,878)	(28,421)
EBITDA	4,030	5,503	5,295	6,898	8,892
EBITDA margin (%)	6	7	6	7	8
Depreciation	(2,103)	(2,132)	(2,275)	(2,326)	(2,526)
EBIT	1,927	3,372	3,021	4,572	6,366
Net interest	(302)	(448)	(440)	(449)	(450)
Other income	1,638	1,908	1,994	2,074	2,387
Profit before tax	3,262	4,831	4,575	6,196	8,303
Total taxation	(830)	(1,273)	(1,167)	(1,580)	(2,117)
Tax rate (%)	25	26	26	26	26
Profit after tax	2,432	3,558	3,408	4,616	6,186
Minorities	-	-	-	-	-
Profit/ Loss associate co(s)	-	-	-	-	-
Adjusted net profit	2,432	3,558	3,408	4,616	6,186
Adj. PAT margin (%)	4	4	4	5	6
Net non-recurring items	(190)	70	-	-	-

Balance Sheet (Rs mn)

Y/E March	FY24	FY25	FY26E	FY27E	FY28E
Paid-up capital	1,269	1,269	1,269	1,269	1,269
Reserves & surplus	35,617	38,229	41,003	44,984	50,536
Net worth	36,886	39,498	42,271	46,253	51,805
Borrowing	-	-	-	-	-
Other non-current liabilities	-	-	-	-	-
Total liabilities	38,435	39,904	42,678	46,659	52,211
Gross fixed assets	23,133	25,078	27,078	29,078	31,578
Less: Depreciation	(11,292)	(13,423)	(15,698)	(18,024)	(20,550)
Net fixed assets	11,841	11,655	11,380	11,054	11,028
Add: Capital WIP	214	493	493	493	493
Total fixed assets	12,055	12,147	11,873	11,547	11,520
Total Investment	-	-	-	-	-
Inventory	12,471	13,260	15,873	17,406	19,528
Debtors	3,397	5,104	5,449	6,159	6,910
Cash & bank	22,350	25,597	27,571	31,673	36,533
Loans & advances	14	18	716	1,241	1,796
Current liabilities	22,407	27,328	29,909	32,471	35,181
Net current assets	18,731	19,962	23,011	27,318	32,896
Other non-current assets	7,649	7,794	7,794	7,794	7,794
Total assets	38,435	39,904	42,678	46,659	52,211

Source: Company, Axis Capital

Cash Flow (Rs mn)

Y/E March	FY24	FY25	FY26E	FY27E	FY28E
Profit before tax	3,073	4,901	4,575	6,196	8,303
Depreciation & Amortisation	2,129	2,166	2,275	2,326	2,526
Chg in working capital	2,508	1,237	(1,074)	(205)	(718)
Cash flow from operations	6,100	5,711	3,055	5,113	6,057
Capital expenditure	(658)	(1,186)	(2,000)	(2,000)	(2,500)
Cash flow from investing	618	418	(6)	74	(113)
Equity raised/ (repaid)	-	-	-	-	-
Debt raised/ (repaid)	-	-	-	-	-
Dividend paid	(634)	(634)	(634)	(634)	(634)
Cash flow from financing	(1,168)	(3,072)	(1,074)	(1,084)	(1,084)
Net chg in cash	5,550	3,057	1,974	4,103	4,859

Key Ratios

Y/E March	FY24	FY25	FY26E	FY27E	FY28E
OPERATIONAL					
FDEPS (Rs)	19.2	28.0	26.9	36.4	48.8
CEPS (Rs)	34.3	45.4	44.8	54.7	68.7
DPS (Rs)	5.0	5.0	5.0	5.0	5.0
Dividend payout ratio (%)	28.3	17.5	18.6	13.7	10.3
GROWTH					
Net sales (%)	2.4	16.0	7.7	13.0	12.2
EBITDA (%)	8.8	36.6	(3.8)	30.3	28.9
Adj net profit (%)	8.6	46.3	(4.2)	35.4	34.0
FDEPS (%)	8.6	46.3	(4.2)	35.4	34.0
PERFORMANCE					
RoE (%)	6.1	9.2	8.1	10.0	11.9
RoCE (%)	9.4	13.6	12.2	15.0	17.8
EFFICIENCY					
Asset turnover (x)	3.1	3.3	3.3	3.4	3.6
Sales/ total assets (x)	1.1	1.2	1.2	1.3	1.3
Working capital/ sales (x)	0.0	(0.1)	(0.1)	0.0	0.0
Receivable days	18.2	23.5	23.3	23.3	23.3
Inventory days	70.8	65.7	72.4	71.0	71.8
Payable days	81.7	84.6	89.7	90.6	91.7
FINANCIAL STABILITY					
Total debt/ equity (x)	-	-	-	-	-
Net debt/ equity (x)	(0.6)	(0.7)	(0.7)	(0.7)	(0.7)
Current ratio (x)	1.8	1.7	1.8	1.8	1.9
Interest cover (x)	6.4	7.5	6.9	10.2	14.2
VALUATION					
PE (x)	72.2	49.4	51.5	38.0	28.4
EV/ EBITDA (x)	38.4	27.3	28.0	20.9	15.7
EV/ Net sales (x)	2.3	1.9	1.7	1.5	1.3
PB (x)	4.8	4.4	4.2	3.8	3.4
Dividend yield (%)	0.4	0.4	0.4	0.4	0.4
Free cash flow yield (%)	3.1	2.6	0.6	1.8	2.0

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