



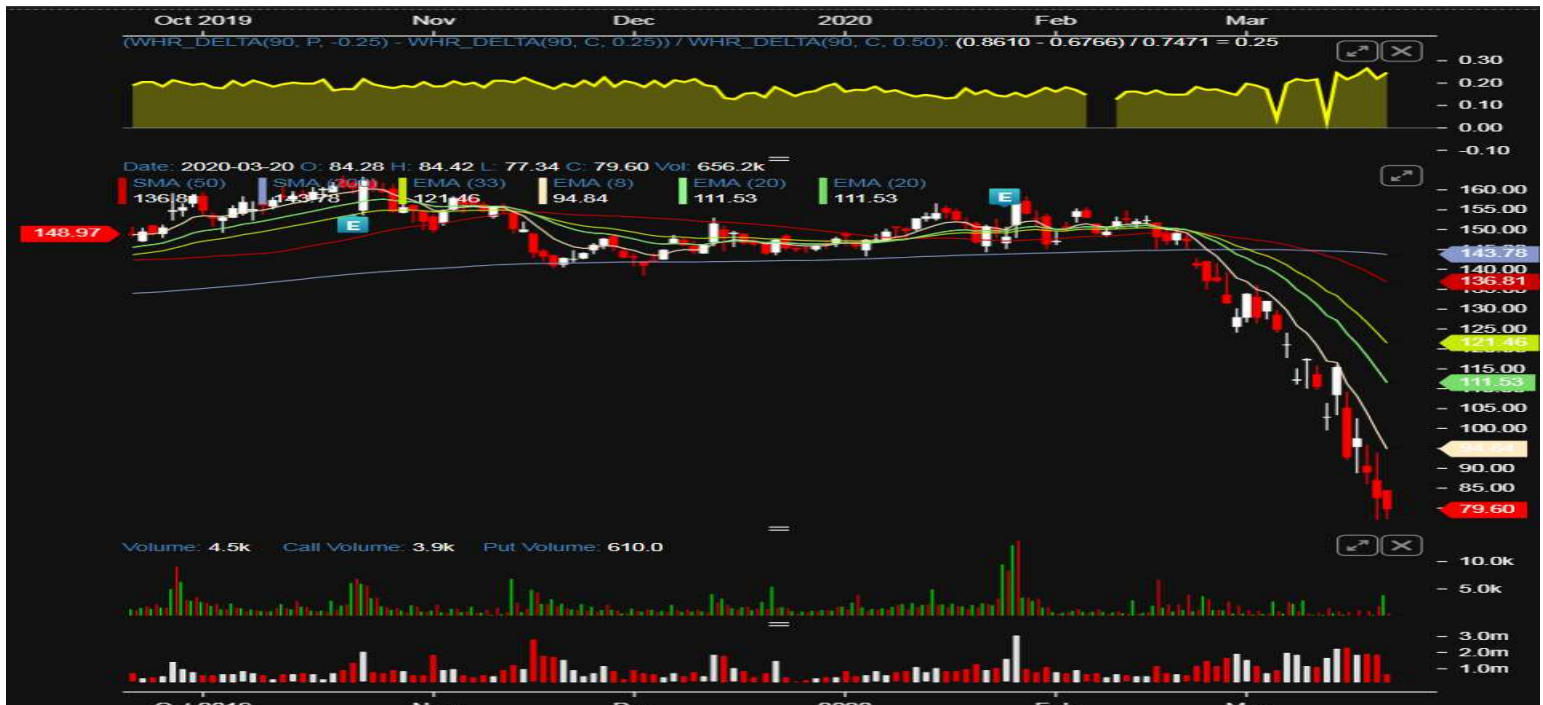
Whirlpool Call Spreads Open into Multi-Year Lows

Ticker/Price: WHR (\$79.20)

Analysis:

Whirlpool (WHR) interesting action today with shares off 6% as 1700 April \$90/\$110 call spreads are opening, shares down 44% YTD. WHR has very little open interest for any strikes in spitting distance. WHR is back to 2012 levels and a major monthly volume node with \$76.50 VPOC support. The \$5.55B appliance maker trades just 4.25X trailing earnings, 14.15X FCF and 2.85X Cash with a 5.8% yield currently. WHR does have a levered balance sheet and Debt/EBITDA at 2.75X. WHR has average a ROIC near 10% the last three years. WHR was entering 2020 in a stronger position with an improved price and cost outlook and with the tariff issued addressed. WHR's main categories include Refrigerators/Freezers, Laundry, and Cooking, fairly stable businesses and seen benefiting from strong Housing numbers. It has been growing its higher margin consumer direct business and moving into connected appliances. Analysts have an average target of \$160 and short interest high at 13.8% of the float surging 62% Q/Q. Goldman started shares Buy in December with a \$165 target with management's newly found discipline and staying power as it re-builds profitability while seeing favorable steel pricing. Hedge Fund ownership jumped 11% in Q4 filings, Lyrical a top concentrated holder.

Hawk Vision:



Hawk's Perspective: WHR valuation is wildly cheap though worry about debt and consumers likely cut back on large expenditures near-term, while short interest a red flag, so a name likely too unstable to be long.

Confidence Ranking: \$\$