



INVESTING FOR A BETTER TOMORROW


MOHAWK®

mohawkind.com
NYSE: MHK
Q2 2022

MOHAWK RESIDENTIAL CARPET
EverStrand Elegant Appeal
Manufactured from
Recycled Plastic Bottles

Forward-looking Statements



Certain of the statements in this presentation may include **forward-looking statements** as defined in the Private Securities Litigation Reform Act of 1995, which are subject to various risks and uncertainties including, but not limited to, those **set forth in our press releases and our periodic filings** with the Securities & Exchange Commission.

Q2 2022 Financial Results

HIGHLIGHTS

Net Sales
\$3.2B
(+11.1% YOY
on a Constant Basis)

Adjusted EBITDA
\$514M
(-8.4% YOY)

Adjusted OI
\$370M
(-10.1% YOY)

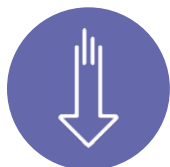
Adjusted Diluted EPS
\$4.41
(-0.9% YOY)

(Amounts in millions)	Q2 2021	Q2 2022
Net Sales	\$2,954	\$3,153
% Change	--	6.7%
% Change on a Constant Basis	--	11.1%
Adjusted EBITDA	\$561	\$514
% Adjusted EBITDA Margin	19.0%	16.3%
Adjusted Operating Income	\$411	\$370
% Adjusted Operating Margin	13.9%	11.7%
Adjusted Diluted EPS	\$4.45	\$4.41

“During the second quarter, sales grew in all of our segments, with our top line results benefiting from price increases, enhanced product mix, improvements in the commercial sector and contributions from our small bolt-on acquisitions.”

– Jeff Lorberbaum, Chairman & CEO

Balance Sheet Strength¹



1.1x

Leverage



\$0.9B

TTM Cash Flow
Provided by Operating Activities



\$1.4B

Liquidity



2.1M

Shares repurchased
YTD 2022



8.5M

Shares repurchased
2020-2022



12%

Of outstanding shares repurchased
(since December 31, 2019)

Key Current Issues

CapEx & Restructuring

- Capacity expansion projects on track
 - North America: LVT, laminate, quartz countertops
 - First shipments from west coast LVT plant
 - Europe: Porcelain slabs, laminate
- Cost-reduction projects progressing
- Q3 Restructuring projects underway
 - \$35 – 40 million annual savings
 - \$15 – 20 million cash cost
 - \$90 – 95 million total cost

Interest Rates

- Rising from historical lows in most markets
- Home ownership still desired by Millennials forming new households
- High home equity and aging housing drives continued remodeling



Key Current Issues (continued)

Inflation

- Material, energy, labor and transportation inflation impacting entire business
- Responding across products/geographies
 - Multiple pricing actions
 - Improved productivity
 - Reduced spending
- Monitoring impact on consumer and commercial investments

European Natural Gas

- Record price levels with July spikes
- Also impacting chemical costs
- Aggressively taking pricing actions
- Monitoring ongoing risk of supply disruption
- E.U. urging cuts in consumption

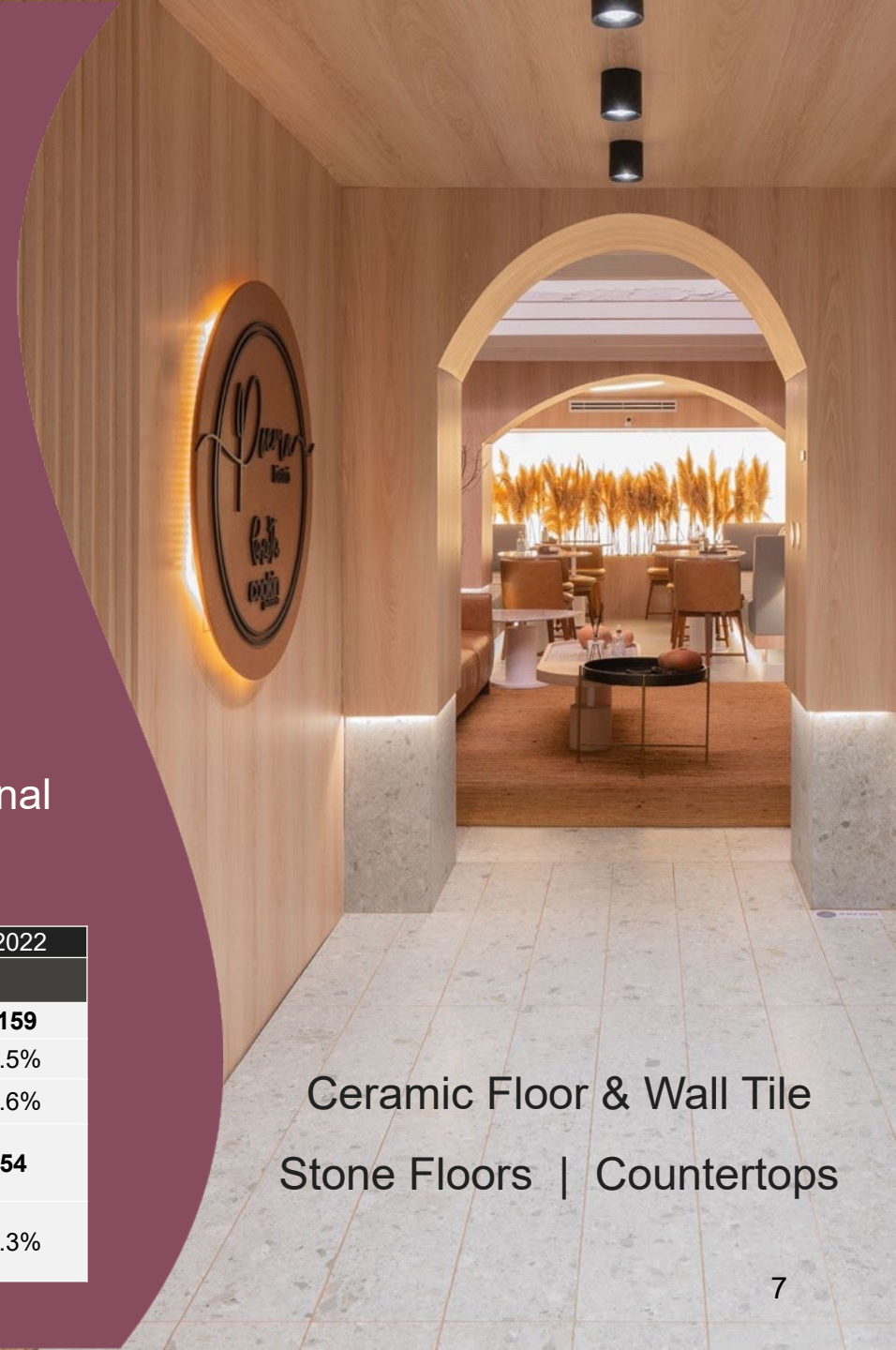


Global Ceramic Segment

- Sales increased 14.6% on a constant basis, with all markets growing; quarterly segment record
- Performance benefitted from pricing actions, improved mix and growth in commercial sector
- U.S. countertop sales growing in all categories (quartz, stone, porcelain)
- Executing multiple pricing and operational initiatives to manage inflation

	Q2 2019	Q2 2021	Q2 2022
GLOBAL CERAMIC SEGMENT (Amounts in millions)			
Sales	\$958	\$1,040	\$1,159
% Change	--	--	11.5%
% Change on a Constant Basis	--	--	14.6%
Adjusted Operating Income	\$119	\$137	\$154
% Adjusted Operating Margin	12.4%	13.2%	13.3%

2019 included as pre-COVID baseline



Ceramic Floor & Wall Tile
Stone Floors | Countertops

Flooring North America Segment

- Sales increased 1.7% as reported, led by pricing actions, mix and growth in commercial; quarterly segment record
- Rug sales declined \$50 million as retailers reduced orders due to weak home décor sales forecasts
- Sales would have increased approximately 6.5% without the anomaly in rug sales
- Commercial sales continued to grow with strong project pipeline

	Q2 2019	Q2 2021	Q2 2022
FLOORING NA SEGMENT (Amounts in millions)			
Sales	\$983	\$1,081	\$1,100
% Change	--	--	1.7%
% Change on a Constant Basis	--	--	1.7%
Adjusted Operating Income	\$63	\$121	\$100
% Adjusted Operating Margin	6.4%	11.2%	9.1%

2019 included as pre-COVID baseline

Carpet | LVT | Laminate
Rugs | Sheet Vinyl | Wood

Flooring Rest of World Segment

- Sales increased 18.8% on a constant basis, driven by pricing actions and improved mix; quarterly segment record
- Flooring volumes down as inflation impacted consumer spending and retailers adjusted inventory
- 2021 acquisitions adding value
- Insulation sales remain strong; products should benefit from natural gas situation as they reduce energy consumption and lower cost

	Q2 2019	Q2 2021	Q2 2022
FLOORING ROW SEGMENT (Amounts in millions)			
Sales	\$643	\$833	\$895
% Change	--	--	7.4%
% Change on a Constant Basis	--	--	18.8%
Adjusted Operating Income	\$107	\$164	\$126
% Adjusted Operating Margin	16.7%	19.7%	14.1%

2019 included as pre-COVID baseline

Laminate | LVT
Sheet Vinyl | Carpet | Wood
Panels | Insulation

Q3 2022 Outlook

- Delivered solid results in 1H despite rising inflation and interest rates
- Retain long-term optimism despite short-term turbulence
- Material and energy inflation continues
- Further price increases announced; Q3 implementation
- New home and multifamily channels remain strong in most markets
- Commercial sector continues to improve
- U.S. housing sales impacted by rising interest rates and inflation
- Residential remodeling softening as consumers postpone upgrades



Q3 2022 Outlook (continued)

- Interest rates lower in Europe, though higher natural gas prices are reducing economic growth
- Focused on
 - Introducing higher value products
 - Enhancing service levels
 - Reducing expenses
 - Initiating new process improvements
- Implementing multiple restructuring projects across the enterprise
- Higher U.S. interest rates will strengthen the dollar and reduce our translated results
- Q3 EPS guidance of \$3.33 to \$3.43 (excluding restructuring) announced July 28, 2022





Financials

Earnings Summary (Consolidated)

	2019	2020	2021	Q2 TTM
Net Sales % Change	\$9,971 -0.1%	\$9,552 -4.2%	\$11,201 17.3%	\$11,747 4.9%
Adjusted EBITDA % Adjusted EBITDA Margin	\$1,530 15.3%	\$1,389 14.5%	\$1,949 17.4%	\$1,894 16.1%
Adjusted Operating Income % Adjusted Operating Margin	\$938 9.4%	\$799 8.4%	\$1,360 12.1%	\$1,313 11.2%
Adjusted Net Earnings % Change	\$725 -21.3%	\$631 -13.0%	\$1,027 62.8%	\$998 -2.9%
Adjusted Diluted EPS % Change	\$10.04 -18.6%	\$8.83 -12.1%	\$14.86 68.3%	\$15.05 1.3%

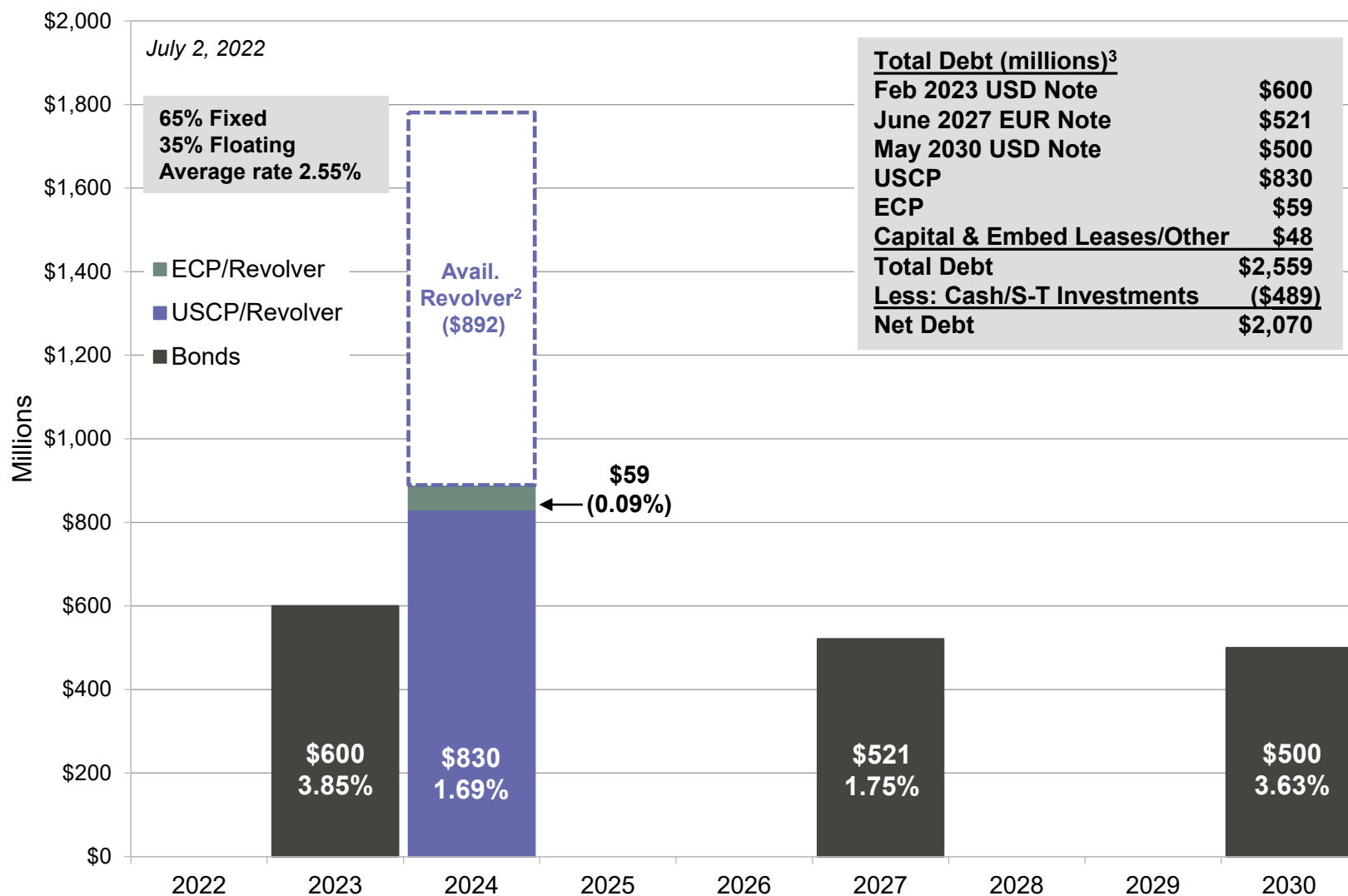
(Amounts in Millions except EPS)

Results by Segments

	2019	2020	2021	Q2 TTM
GLOBAL CERAMIC SEGMENT				
Sales % Change	\$3,631 2.2%	\$3,433 -5.5%	\$3,917 14.1%	\$4,171 6.5%
Adjusted Operating Income % Adjusted Operating Margin	\$344 9.5%	\$234 6.8%	\$406 10.4%	\$434 10.4%
FLOORING NA SEGMENT				
Sales % Change	\$3,844 -4.6%	\$3,594 -6.5%	\$4,116 14.5%	\$4,237 2.9%
Adjusted Operating Income % Adjusted Operating Margin	\$258 6.7%	\$198 5.5%	\$424 10.3%	\$408 9.6%
FLOORING ROW SEGMENT				
Sales % Change	\$2,496 3.9%	\$2,525 1.2%	\$3,167 25.4%	\$3,338 5.4%
Adjusted Operating Income % Adjusted Operating Margin	\$375 15.0%	\$408 16.2%	\$576 18.2%	\$514 15.4%

(Amounts in Millions except EPS)

Maturity Profile¹



¹ Not shown on graph: \$48MM in capital and embedded leases, and other debt

² After Letters of Credit issuance of \$19MM

³ Subject to rounding; excluding deferred loan cost deduction of \$7.6MM



Reconciliation Tables



Reconciliation of Non-GAAP Measures

Reconciliation of Net Sales to Net Sales on a Constant Exchange Rate and on Constant Shipping Days		
<i>(Amounts in thousands)</i>	Q2 2022	Q2 2021
Consolidated		
Net Sales	\$3,153,188	2,953,833
Adjustment to net sales on constant shipping days	10,794	-
Adjustment to net sales on a constant exchange rate	116,787	-
Net sales on a constant exchange rate and constant shipping days	\$3,280,769	2,953,833
Reconciliation of Segment Net Sales to Segment Net Sales on a Constant Exchange Rate and on Constant Shipping Days		
<i>(Amounts in thousands)</i>	Q2 2022	Q2 2021
GLOBAL CERAMIC SEGMENT		
Net Sales	\$1,158,569	1,039,503
Adjustment to net sales on constant shipping days	10,794	-
Adjustment to net sales on a constant exchange rate	21,870	-
Segment net sales on a constant exchange rate and constant shipping days	\$1,191,233	1,039,503
Reconciliation of Segment Net Sales to Adjusted Segment Net Sales		
<i>(Amounts in thousands)</i>	Q2 2022	Q2 2021
Flooring NA		
Net Sales	\$1,099,538	1,081,189
Rug adjustment	50,000	-
Adjusted segment net sales	\$1,149,538	1,081,189
Reconciliation of Segment Net Sales to Segment Net Sales on a Constant Exchange Rate		
<i>(Amounts in thousands)</i>	Q2 2022	Q2 2021
Flooring ROW		
Net Sales	\$ 895,081	833,141
Adjustment to net sales on a constant exchange rate	94,917	-
Segment net sales on a constant exchange rate	\$ 989,998	833,141

Reconciliation of Non-GAAP Measures

ADJUSTED OPERATING INCOME

<i>(Amounts in thousands)</i>	2019	2020	2021	Q2 TTM
Operating income	\$ 827,224	636,002	1,335,011	1,301,800
Adjustments to operating income:				
Restructuring, acquisition and integration-related and other costs	107,201	163,479	23,637	9,491
Acquisitions purchase accounting including inventory step-up	3,938	-	1,749	1,436
Adjusted operating income	\$ 938,364	799,481	1,360,397	1,312,727
Adjusted operating income as a percent of net sales	9.4%	8.4%	12.1%	11.2%

OPERATING INCOME TO ADJUSTED EBITDA

<i>(Amounts in thousands)</i>	2019	2020	2021	Q2 TTM
Operating income	\$ 827,224	636,002	1,335,011	1,301,800
Other income (expense)	(36,407)	752	12,234	(781)
Net income attributable to non-controlling interest	(360)	(132)	(389)	(401)
Depreciation and amortization	576,452	607,507	591,711	575,013
EBITDA	1,366,909	1,244,129	1,938,567	1,875,631
Restructuring, acquisition and integration-related and other costs	99,623	145,153	14,700	9,281
Impairment of net investment in a manufacturer and distributor of Ceramic tile in China*	59,946	-	-	-
Acquisitions purchase accounting including inventory step-up	3,938	-	1,749	1,436
Release of indemnification asset	-	-	-	7,324
Resolution of foreign non-income tax contingencies	-	-	(6,211)	-
Adjusted EBITDA	\$1,530,416	1,389,282	1,948,805	1,893,672
Adjusted EBITDA as a percent of net sales	15.3%	14.5%	17.4%	16.1%

*In September 2019, the US commerce department imposed a 104% countervailing duty on top of the 25% general tariffs on all ceramic produced in China. As a consequence, ceramic purchases from China would dramatically decline and Mohawk took a \$60 million write off to our investment in a Chinese manufacturer and distributor.

Reconciliation of Non-GAAP Measures

ADJUSTED OPERATING INCOME				
(Amounts in thousands)	2019	2020	2021	Q2 TTM
GLOBAL CERAMIC SEGMENT				
Operating income	\$ 335,639	167,731	403,135	433,502
Adjustments to operating income:				
Restructuring, acquisition and integration-related and other costs	8,288	65,842	2,627	628
Acquisitions purchase accounting including inventory step-up	204	-	-	-
Adjusted operating income	\$ 344,130	233,572	405,761	434,130
Adjusted operating income as a percent of net sales	9.5%	6.8%	10.4%	10.4%
FLOORING NA SEGMENT				
Operating income	\$ 177,566	147,442	407,577	405,691
Adjustments to operating income:				
Restructuring, acquisition and integration-related and other costs	80,195	50,895	16,888	2,408
Adjusted operating income	\$ 257,761	198,338	424,465	408,099
Adjusted operating income as a percent of net sales	6.7%	5.5%	10.3%	9.6%
FLOORING ROW SEGMENT				
Operating income	\$ 353,667	366,934	571,126	506,691
Adjustments to operating income:				
Restructuring, acquisition and integration-related and other costs	17,643	41,098	2,911	5,520
Acquisitions purchase accounting including inventory step-up	3,734	-	1,749	1,436
Adjusted operating income	\$ 375,044	408,032	575,786	513,647
Adjusted operating income as a percent of net sales	15.0%	16.2%	18.2%	15.4%

Reconciliation of Non-GAAP Measures

ADJUSTED NET EARNINGS				
(Amounts in thousands, except EPS)	2019	2020	2021	Q2 TTM
Net earnings attributable to Mohawk Industries, Inc.	\$ 744,211	515,595	1,033,159	985,827
Adjusting items:				
Restructuring, acquisition, integration-related and other costs	99,622	166,817	23,118	9,260
Acquisitions purchase accounting including inventory step-up	3,938	-	1,749	1,436
Release of indemnification asset	-	-	-	7,324
Deferred loan costs	601	-	-	-
Impairment of net investment in a manufacturer and distributor of Ceramic tile in China*	59,946	-	-	-
One-time tax planning election	-	-	(22,163)	4,568
Resolution of foreign non-income tax contingencies	-	-	(6,211)	-
Income tax effect on resolution of foreign non-income tax contingencies	-	-	2,302	-
European tax restructuring**	(136,194)	-	-	-
Income taxes	(46,786)	(51,740)	(4,626)	(3,316)
Income taxes - reversal of uncertain tax position	-	-	-	(7,324)
Adjusted net earnings attributable to Mohawk Industries, Inc.	\$ 725,338	630,672	1,027,328	997,775
Adjusted diluted earnings per share attributable to Mohawk Industries, Inc.	\$ 10.04	8.83	14.86	15.05
Weighted-average common shares outstanding - diluted	72,264	71,401	69,145	66,292

*In September 2019, the US commerce department imposed a 104% countervailing duty on top of the 25% general tariffs on all ceramic produced in China. As a consequence, ceramic purchases from China would dramatically decline and Mohawk took a \$60 million write off to our investment in a Chinese manufacturer and distributor.

**In 2019, the Company implemented select operational, administrative and financial restructurings that centralized certain business processes and intangible assets in various European jurisdictions into a new entity. The restructurings resulted in a current tax liability of \$136 million, calculated by measuring the fair value of intangible assets transferred. The Company offset the tax liability with the utilization of \$136 million of deferred tax assets from accumulated net operating loss carry forwards. The restructurings also resulted in the Company recording a \$136 million deferred tax asset, and a corresponding deferred tax benefit, related to the tax basis of the intangible assets transferred.

Reconciliation of Non-GAAP Measures

NET DEBT			
<i>(Amounts in thousands)</i>	2020Q4	2021Q4	2022Q2
Current portion of long-term debt and commercial paper	\$ 377,255	624,503	1,498,900
Long-term debt, less current portion	2,356,887	1,700,282	1,052,064
Less: Cash and cash equivalents	768,625	268,895	223,986
Net Debt	1,965,517	2,055,890	2,326,978
Less: Short-term Investments	571,741	323,000	265,000
Net Debt less Short-term Investments	\$1,393,776	1,732,890	2,061,978

TRAILING TWELVE MONTHS OPERATING INCOME TO ADJUSTED EBITDA			
<i>(Amounts in thousands)</i>	2020Q4	2021Q4	2022Q2
Operating income	\$ 636,002	1,335,011	1,301,800
Other income (expense)	752	12,234	(781)
Net (income) loss attributable to non-controlling interest	(132)	(389)	(401)
Depreciation and amortization	607,507	591,711	575,013
EBITDA	1,244,129	1,938,567	1,875,631
Restructuring, acquisition, integration-related and other costs	145,415	14,700	9,281
Acquisitions purchase accounting, including inventory step-up	(262)	1,749	1,436
Resolution of foreign non-income tax contingencies	-	(6,211)	-
Release of indemnification asset	-	-	7,324
Adjusted EBITDA	\$1,389,282	1,948,805	1,893,672
Net Debt less Short-term Investments to adjusted EBITDA	1.0	0.9	1.1



Mohawk Industries Q2 2022 Investor Presentation
for additional information please visit mohawkind.com