



# INVESTING FOR A BETTER TOMORROW

  
**MOHAWK®**

mohawkind.com  
NYSE: MHK  
Q1 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.

# Q1 2022 Financial Results

## HIGHLIGHTS

Net Sales  
**\$3.0B**  
 (+17.3% YOY  
 on a Constant Basis)

Adjusted EBITDA  
**\$469M**  
 (-1.7% YOY)

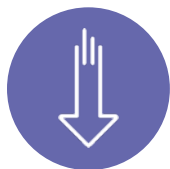
Adjusted OI  
**\$323M**  
 (-1.9% YOY)

Adjusted Diluted EPS  
**\$3.78**  
 (+8.3% YOY)

(Amounts in millions)	Q1 2021	Q1 2022
<b>Net Sales</b>	<b>\$2,669</b>	<b>\$3,016</b>
% Change	--	13.0%
% Change on a Constant Basis	--	17.3%
<b>Adjusted EBITDA</b>	<b>\$477</b>	<b>\$469</b>
% Adjusted EBITDA Margin	17.9%	15.5%
<b>Adjusted Operating Income</b>	<b>\$329</b>	<b>\$323</b>
% Adjusted Operating Margin	12.3%	10.7%
<b>Adjusted Diluted EPS</b>	<b>\$3.49</b>	<b>\$3.78</b>

“Mohawk’s first quarter sales rose to an all-time record, reflecting higher pricing, growth in our ceramic businesses, an improving commercial sector and benefit from our small European acquisitions.”  
 – Jeff Lorberbaum, Chairman & CEO

# Balance Sheet Strength<sup>1</sup>



**1.1x**

Leverage



**\$1.1B**

TTM Cash Flow  
Provided by Operating Activities



**\$1.4B**

Liquidity



**2.1M**

Shares repurchased  
Q1 2022



**8.5M**

Shares repurchased  
2020-2022



**12%**

Of outstanding shares repurchased  
(since December 31, 2019)



# Key Current Issues

## CapEx

- Continuing capacity expansion projects
  - North America: LVT, laminate, quartz countertops
  - Europe: Porcelain slabs and specialty products, laminate
  - South America: porcelain tile
- Cost-reduction projects progressing

## Interest Rates

- Rising from historical lows in most markets
- Home ownership still desired by Millennials forming new households
- High home equity and aging housing should drive 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 spending

## European Natural Gas

- Record price levels with March spikes
- Monitoring risk of supply shortage
- Aggressively taking pricing actions



# Flooring North America Segment

- Sales increased 12.3% on a constant basis, led by pricing actions in residential and commercial
- Laminate sales accelerating with new capacity being absorbed in market
- LVT sales growing; new West Coast plant on track
- Implemented strategies to improve sales and service and reduce costs in the face of rising inflation

	Q1 2021	Q1 2022
<b>FLOORING NA SEGMENT (Amounts in millions)</b>		
<b>Sales</b>	<b>\$969</b>	<b>\$1,072</b>
% Change	--	10.6%
% Change on a Constant Basis	--	12.3%
<b>Adjusted Operating Income</b>	<b>\$90</b>	<b>\$95</b>
% Adjusted Operating Margin	9.3%	8.9%

Carpet | LVT | Laminate  
Rugs | Sheet Vinyl | Wood



# Global Ceramic Segment

- Sales increased 18.5% on a constant basis, with all markets growing
- Performance benefitted from improved product mix
- Residential remained strong and commercial gained momentum
- Executing multiple pricing and operational initiatives to manage inflation

	Q1 2021	Q1 2022
<b>GLOBAL CERAMIC SEGMENT (Amounts in millions)</b>		
<b>Sales</b>	<b>\$930</b>	<b>\$1,065</b>
% Change	--	14.5%
% Change on a Constant Basis	--	18.5%
<b>Adjusted Operating Income</b>	<b>\$89</b>	<b>\$100</b>
% Adjusted Operating Margin	9.6%	9.4%

Ceramic Floor & Wall Tile  
Stone Floors | Countertops



# Flooring Rest of World Segment

- Sales increased 22.1% on a constant basis, driven by strong demand and pricing actions
- Margins were compressed by supply disruptions, rapid inflation in excess of significant price increases and higher investments in new products
- 2021 acquisitions adding value
- Demand for our premium laminate remains strong; introducing new features to further expand sales

	Q1 2021	Q1 2022
FLOORING ROW SEGMENT (Amounts in millions)		
<b>Sales</b>	<b>\$770</b>	<b>\$879</b>
% Change	--	14.2%
% Change on a Constant Basis	--	22.1%
<b>Adjusted Operating Income</b>	<b>\$161</b>	<b>\$136</b>
% Adjusted Operating Margin	20.9%	15.5%

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

# Q2 2022 Outlook

- Cautiously optimistic about 2022 industry growth
- Inflationary pressures persist
- Additional price increases announced; Q2 implementation
- Housing market has strength despite higher interest rates
- Residential remodeling spend expected to remain strong
- Commercial sector should continue its rebound
- Expected supply chain improvements should increase our productivity



# Q2 2022 Outlook (continued)

- Focused on
  - Optimizing mix and margins
  - Controlling SG&A spending
  - Initiating additional productivity actions
- Historic rise in European energy costs continues to impact our business
- CapEx projects remain on track; when completed will relieve capacity constraints
- Q2 EPS guidance of \$4.25 to \$4.35 (excluding restructuring) announced April 28, 2022







# Financials



# Earnings Summary (Consolidated)

	2019	2020	2021	Q1 TTM
<b>Net Sales</b> % Change	<b>\$9,971</b> -0.1%	<b>\$9,552</b> -4.2%	<b>\$11,201</b> 17.3%	<b>\$11,547</b> 3.1%
<b>Adjusted EBITDA</b> % Adjusted EBITDA Margin	<b>\$1,530</b> 15.3%	<b>\$1,389</b> 14.5%	<b>\$1,949</b> 17.4%	<b>\$1,941</b> 16.8%
<b>Adjusted Operating Income</b> % Adjusted Operating Margin	<b>\$938</b> 9.4%	<b>\$799</b> 8.4%	<b>\$1,360</b> 12.1%	<b>\$1,354</b> 11.7%
<b>Adjusted Net Earnings</b> % Change	<b>\$725</b> -21.3%	<b>\$631</b> -13.0%	<b>\$1,027</b> 62.8%	<b>\$1,027</b> 0.0%
<b>Adjusted Diluted EPS</b> % Change	<b>\$10.04</b> -18.6%	<b>\$8.83</b> -12.1%	<b>\$14.86</b> 68.3%	<b>\$15.15</b> 2.0%

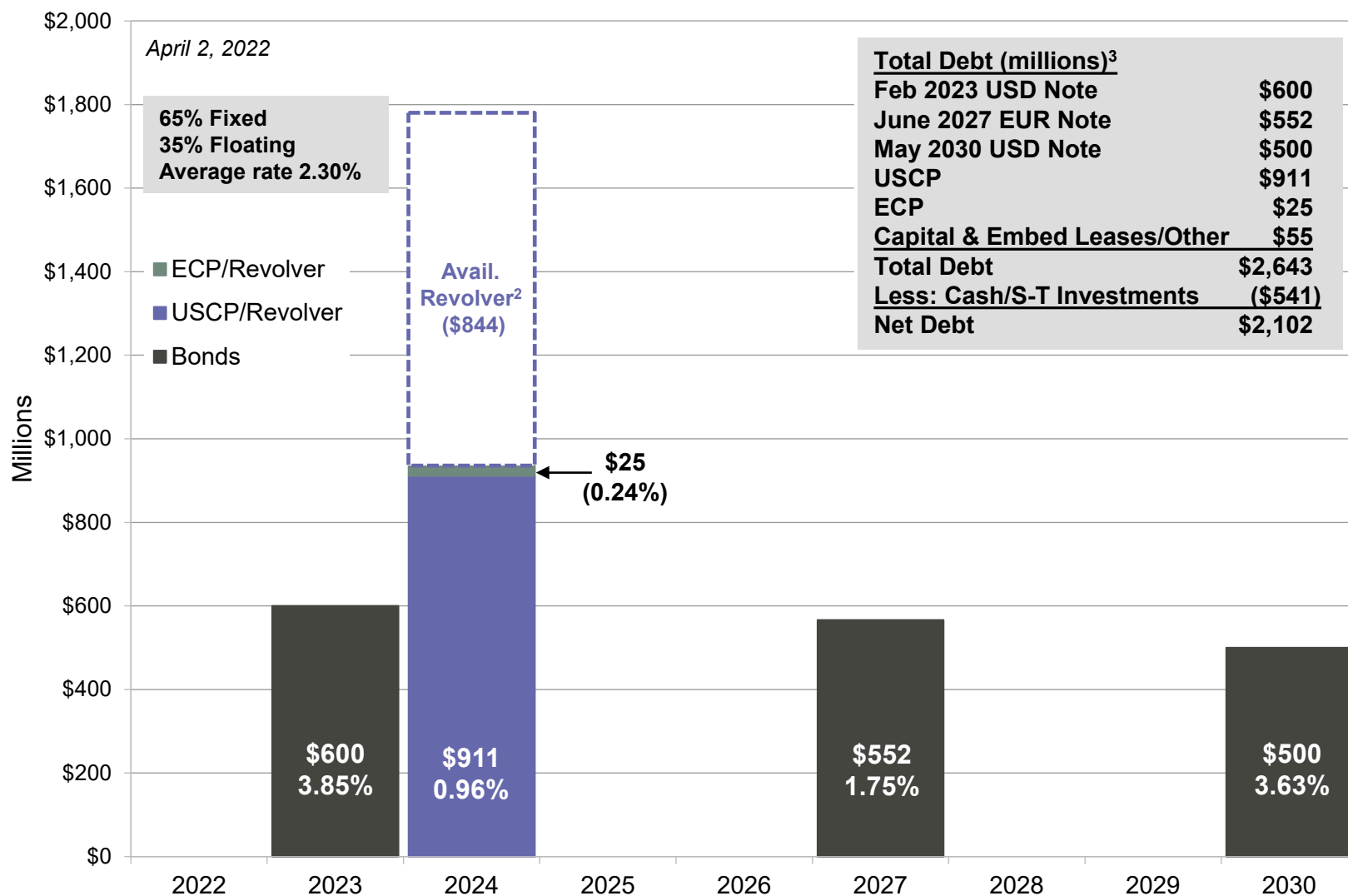
(Amounts in Millions except EPS)

# Results by Segments

	2019	2020	2021	Q1 TTM
<b>GLOBAL CERAMIC SEGMENT</b>				
<b>Sales</b> % Change	<b>\$3,631</b> 2.2%	<b>\$3,433</b> -5.5%	<b>\$3,917</b> 14.1%	<b>\$4,052</b> 3.4%
<b>Adjusted Operating Income</b> % Adjusted Operating Margin	<b>\$344</b> 9.5%	<b>\$234</b> 6.8%	<b>\$406</b> 10.4%	<b>\$417</b> 10.3%
<b>FLOORING NA SEGMENT</b>				
<b>Sales</b> % Change	<b>\$3,844</b> -4.6%	<b>\$3,594</b> -6.5%	<b>\$4,116</b> 14.5%	<b>\$4,219</b> 2.5%
<b>Adjusted Operating Income</b> % Adjusted Operating Margin	<b>\$258</b> 6.7%	<b>\$198</b> 5.5%	<b>\$424</b> 10.3%	<b>\$430</b> 10.2%
<b>FLOORING ROW SEGMENT</b>				
<b>Sales</b> % Change	<b>\$2,496</b> 3.9%	<b>\$2,525</b> 1.2%	<b>\$3,167</b> 25.4%	<b>\$3,276</b> 3.4%
<b>Adjusted Operating Income</b> % Adjusted Operating Margin	<b>\$375</b> 15.0%	<b>\$408</b> 16.2%	<b>\$576</b> 18.2%	<b>\$552</b> 16.8%

(Amounts in Millions except EPS)

# Maturity Profile<sup>1</sup>



<sup>1</sup> Not shown on graph: \$55MM in capital and embedded leases, and other debt

<sup>2</sup> After Letters of Credit issuance of \$20MM

<sup>3</sup> Excluding deferred loan cost deduction of \$8.1MM



# 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>	Q1 2022	Q1 2021
<b>Consolidated</b>		
<b>Net Sales</b>	<b>\$3,015,663</b>	<b>2,669,026</b>
Adjustment to net sales on constant shipping days	21,018	-
Adjustment to net sales on a constant exchange rate	93,781	-
<b>Net sales on a constant exchange rate and constant shipping days</b>	<b>\$3,130,462</b>	<b>2,669,026</b>
Reconciliation of Segment Net Sales to Segment Net Sales on a Constant Exchange Rate and on Constant Shipping Days		
<i>(Amounts in thousands)</i>	Q1 2022	Q1 2021
<b>GLOBAL CERAMIC SEGMENT</b>		
<b>Net Sales</b>	<b>\$1,064,757</b>	<b>929,871</b>
Adjustment to net sales on constant shipping days	4,269	-
Adjustment to net sales on a constant exchange rate	32,423	-
<b>Segment net sales on a constant exchange rate and constant shipping days</b>	<b>\$1,101,449</b>	<b>929,871</b>
Reconciliation of Segment Net Sales to Segment Net Sales on Constant Shipping Days		
<i>(Amounts in thousands)</i>	Q1 2022	Q1 2021
<b>Flooring NA</b>		
<b>Net Sales</b>	<b>\$1,071,910</b>	<b>969,250</b>
Adjustment to net sales on constant shipping days	16,749	-
<b>Segment net sales on constant shipping days</b>	<b>\$1,088,659</b>	<b>969,250</b>
Reconciliation of Segment Net Sales to Segment Net Sales on a Constant Exchange Rate		
<i>(Amounts in thousands)</i>	Q1 2022	Q1 2021
<b>Flooring ROW</b>		
<b>Net Sales</b>	<b>\$ 878,996</b>	<b>769,905</b>
Adjustment to net sales on a constant exchange rate	61,358	-
<b>Segment net sales on a constant exchange rate</b>	<b>\$ 940,354</b>	<b>769,905</b>

# Reconciliation of Non-GAAP Measures

## ADJUSTED OPERATING INCOME

<i>(Amounts in thousands)</i>	2019	2020	2021	Q1 TTM
<b>Operating income</b>	<b>\$ 827,224</b>	<b>636,002</b>	<b>1,335,011</b>	<b>1,338,297</b>
<b>Adjustments to operating income:</b>				
Restructuring, acquisition and integration-related and other costs	107,201	163,479	23,637	14,371
Acquisitions purchase accounting including inventory step-up	3,938	-	1,749	1,446
<b>Adjusted operating income</b>	<b>\$ 938,364</b>	<b>799,481</b>	<b>1,360,397</b>	<b>1,354,114</b>
Adjusted operating income as a percent of net sales	9.4%	8.4%	12.1%	11.7%

## OPERATING INCOME TO ADJUSTED EBITDA

<i>(Amounts in thousands)</i>	2019	2020	2021	Q1 TTM
<b>Operating income</b>	<b>\$ 827,224</b>	<b>636,002</b>	<b>1,335,011</b>	<b>1,338,297</b>
Other income (expense)	(36,407)	752	12,234	7,569
Net income attributable to non-controlling interest	(360)	(132)	(389)	(490)
Depreciation and amortization	576,452	607,507	591,711	581,910
<b>EBITDA</b>	<b>1,366,909</b>	<b>1,244,129</b>	<b>1,938,567</b>	<b>1,927,286</b>
Restructuring, acquisition and integration-related and other costs	99,623	145,153	14,700	10,862
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	1,446
Release of indemnification asset	-	-	-	7,263
Resolution of foreign non-income tax contingencies	-	-	(6,211)	(6,211)
<b>Adjusted EBITDA</b>	<b>\$1,530,416</b>	<b>1,389,282</b>	<b>1,948,805</b>	<b>1,940,646</b>
Adjusted EBITDA as a percent of net sales	15.3%	14.5%	17.4%	16.8%

\*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				
<i>(Amounts in thousands)</i>	2019	2020	2021	Q1 TTM
<b>GLOBAL CERAMIC SEGMENT</b>				
Operating income	\$ 335,639	167,731	403,135	415,668
Adjustments to operating income:				
Restructuring, acquisition and integration-related and other costs	8,288	65,842	2,627	1,354
Acquisitions purchase accounting including inventory step-up	204	-	-	-
<b>Adjusted operating income</b>	<b>\$ 344,130</b>	<b>233,572</b>	<b>405,761</b>	<b>417,022</b>
Adjusted operating income as a percent of net sales	9.5%	6.8%	10.4%	10.3%
<b>FLOORING NA SEGMENT</b>				
Operating income	\$ 177,566	147,442	407,577	421,604
Adjustments to operating income:				
Restructuring, acquisition and integration-related and other costs	80,195	50,895	16,888	8,134
<b>Adjusted operating income</b>	<b>\$ 257,761</b>	<b>198,338</b>	<b>424,465</b>	<b>429,738</b>
Adjusted operating income as a percent of net sales	6.7%	5.5%	10.3%	10.2%
<b>FLOORING ROW SEGMENT</b>				
Operating income	\$ 353,667	366,934	571,126	546,470
Adjustments to operating income:				
Restructuring, acquisition and integration-related and other costs	17,643	41,098	2,911	3,673
Acquisitions purchase accounting including inventory step-up	3,734	-	1,749	1,443
<b>Adjusted operating income</b>	<b>\$ 375,044</b>	<b>408,032</b>	<b>575,786</b>	<b>551,586</b>
Adjusted operating income as a percent of net sales	15.0%	16.2%	18.2%	16.8%

# Reconciliation of Non-GAAP Measures

ADJUSTED NET EARNINGS				
(Amounts in thousands, except EPS)	2019	2020	2021	Q1 TTM
Net earnings attributable to Mohawk Industries, Inc.	\$ 744,211	515,595	1,033,159	1,041,682
Adjusting items:				
Restructuring, acquisition, integration-related and other costs	99,622	166,817	23,118	13,462
Acquisitions purchase accounting including inventory step-up	3,938	-	1,749	1,446
Acquisition interest expense	-	-	-	-
Release of indemnification asset	-	-	-	7,263
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)	(22,163)
Resolution of foreign non-income tax contingencies	-	-	(6,211)	(6,211)
Income tax effect on resolution of foreign non-income tax contingencies	-	-	2,302	2,302
European tax restructuring**	(136,194)	-	-	-
Income taxes	(46,786)	(51,740)	(4,626)	(3,575)
Income taxes - reversal of uncertain tax position	-	-	-	(7,263)
<b>Adjusted net earnings attributable to Mohawk Industries, Inc.</b>	<b>\$ 725,338</b>	<b>630,672</b>	<b>1,027,328</b>	<b>1,026,943</b>
Adjusted diluted earnings per share attributable to Mohawk Industries, Inc.	\$ 10.04	8.83	14.86	15.15
Weighted-average common shares outstanding - diluted	72,264	71,401	69,145	67,785

\*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	2022Q1
Current portion of long-term debt and commercial paper	\$ 377,255	624,503	1,546,463
Long-term debt, less current portion	2,356,887	1,700,282	1,088,401
Less: Cash and cash equivalents	768,625	268,895	230,559
Net Debt	1,965,517	2,055,890	2,404,305
Less: Short-term Investments	571,741	323,000	310,000
<b>Net Debt less Short-term Investments</b>	<b>\$1,393,776</b>	<b>1,732,890</b>	<b>2,094,305</b>

TRAILING TWELVE MONTHS OPERATING INCOME TO ADJUSTED EBITDA			
<i>(Amounts in thousands)</i>	2020Q4	2021Q4	2022Q1
<b>Operating income</b>	<b>\$ 636,002</b>	<b>1,335,011</b>	<b>1,338,297</b>
Other income (expense)	752	12,234	7,569
Net (income) loss attributable to non-controlling interest	(132)	(389)	(490)
Depreciation and amortization	607,507	591,711	581,910
<b>EBITDA</b>	<b>1,244,129</b>	<b>1,938,567</b>	<b>1,927,286</b>
Restructuring, acquisition, integration-related and other costs	145,415	14,700	10,862
Acquisitions purchase accounting, including inventory step-up	(262)	1,749	1,446
Resolution of foreign non-income tax contingencies	-	(6,211)	(6,211)
Release of indemnification asset	-	-	7,263
<b>Adjusted EBITDA</b>	<b>\$1,389,282</b>	<b>1,948,805</b>	<b>1,940,646</b>
Net Debt less Short-term Investments to adjusted EBITDA	1.0	0.9	1.1



Mohawk Industries Q1 2022 Investor Presentation  
*for additional information please visit [mohawkind.com](https://mohawkind.com)*