



The Long View


MOHAWK[®]

mohawkind.com

NYSE: MHK

February 2024

Q4 2023

Investor Presentation

Forward-looking Statements

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.





Company Overview


MOHAWK®

Mohawk at a Glance



\$11.1B

2023
Net Sales



\$1.4B

2023
Adjusted EBITDA



\$9.19

2023
Adjusted EPS



\$716M

2023
Free Cash Flow



32

Acquisitions
2013-2023



~43,300

Worldwide
Team Members¹



19

Countries
with Manufacturing



~170

Countries
with Sales



¹As of December 31, 2023

Three Reporting Segments

Global Ceramic

- 39% 2023 Sales
- North America, Europe, South America
- Floor and Wall Tile
- Porcelain Panels
- Exterior Tile
- Stone (U.S.)
- Countertops (U.S./EU)
- Stores in Some Markets

Flooring North America

- 34% 2023 Sales
- Primarily U.S./Canada
- Residential/Commercial
- Carpet/Carpet Tile/Rugs
- LVT/Sheet Vinyl
- Laminate/Wood
- National Logistics Network

Flooring Rest of the World

- 27% 2023 Sales
- Europe, Australia/NZ, South America, Asia
- Laminate/Wood
- LVT/Sheet Vinyl
- Carpet/Carpet Tile
- Chipboard/Panels
- Insulation
- Owned Distributors





The Long View


MOHAWK®

Growth Strategy

Non-Organic Growth

Mergers & acquisitions

Operational Excellence

Simplified operations, improved productivity, expanded sustainable processes, enhanced analytics & automation



Market Development & Penetration

Higher sales to existing customers, sales of existing products to new customers & expansion into new markets

Product Innovation & Improvement

Higher-value product creation, enhanced design and features for existing products & emphasis on sustainable products



Operational Excellence



- Reduce manufacturing complexities
- Maximize productivity
- Continuously improve quality
- Leverage differentiated distribution advantages



- Invest in assets that drive speed & efficiency
- Optimize automation opportunities
- Drive better decisions through advanced information systems



- Engineer sustainable products
- Lower energy & water utilization
- Reduce, repurpose & recycle waste
- Manage product circularity

Visit mohawksustainability.com for more information



Three Decades of Expansion

Went public in 1992; expanded U.S. carpet & rug position through 13 acquisitions

1992-2000

Established strong positions in U.S. & EU laminate markets



2005

Established leading U.S. & EU position in sheet vinyl & LVT; grew EU insulation & ceramic position



2015

Extended presence in the EU ceramic market; made record \$906M internal investment



2017

Expanded global sheet vinyl & carpet tile production & introduced U.S. quartz countertop manufacturing

2019

Boosted share in two major ceramic markets – Brazil & Mexico – through significant acquisitions



2023

2002



Became the largest North American ceramic manufacturer

2013



Entered EU ceramic market; expanded laminate position in U.S. & EU

2016

\$672M internal investment: capacity expansion, process improvement & product innovation

2018



Established leading market positions in Australia/New Zealand flooring & Brazilian ceramic tile

2021-22

7 bolt-on acquisitions extend participation in sheet vinyl, mezzanine flooring, parquet, panels, insulation and accessories



Market Development & Penetration

Expanding sales with existing customers through

- Differentiated new product launches
- Superior marketing and merchandising
- Exclusive retail partnerships/aligned dealerships

Entering new sales channels

- Ceramic pavers for garden centers, landscapers and pool construction
- Porcelain slabs for countertop, exterior cladding and furniture producers
- Hard surface products for retail e-commerce channels to target DIY consumers



Product Innovation

CERAMIC TILE



Built-in antibacterial protection



50% MORE
SLIP RESISTANT
THAN ORDINARY TILE*

*When compared to the existing ANSI Standards

Superior integral slip resistance

LAMINATE / WOOD



Hyper-realistic visuals;
4x greater resolution;
~1,000 unique colors



Exclusive technology
to repel spills at
laminated joints

CARPET



3x the fiber of traditional
carpet; ultra soft &
stain resistant



Combines exclusive
fibers for next level
design & performance

RESILIENT



Waterproof flooring with
a PVC-free renewable
core (70% recycled)



Superior waterproof
performance, scratch
& dent resistance



Prudent Financial Management



Generate strong free cash flow, effectively manage working capital & investments



Maintain financial flexibility



Use excess cash to pay down debt and re-invest in the business



Disciplined approach to acquisitions



Committed to maintaining investment grade rating





Fourth Quarter 2023


MOHAWK®

Q4 2023 Financial Results

Net Sales

\$2.6B

(-4.1% YOY
on a Constant Basis)

Adjusted EBITDA

\$328M

(29.1% YOY)

Adjusted OI

\$175M

(47.2% YOY)

Adjusted Diluted EPS

\$1.96

(48.5% YOY)

“Under current conditions, we focused on optimizing our revenues and reducing our costs through restructuring actions and manufacturing enhancements. We also have invested in sales resources, advanced merchandising and new products with innovative features to inspire consumers to purchase flooring. We closed the year with a net debt to adjusted EBITDA ratio of 1.5 times, free cash flow of \$716 million and available liquidity of \$1.9 billion. We are well positioned to manage current conditions and emerge stronger from this economic cycle when the rebound occurs.”

- Jeff Lorberbaum, Chairman & CEO

(Amounts in millions)	Q4 2023	Q4 2022
Net Sales	\$2,612	\$2,651
% Change	-1.4%	--
% Change on a Constant and Legacy Basis	-4.1%	--
Adjusted EBITDA	\$328	\$254
% Adjusted EBITDA Margin	12.6%	9.6%
Adjusted Operating Income	\$175	\$119
% Adjusted Operating Margin	6.7%	4.5%
Adjusted Diluted EPS	\$1.96	\$1.32



Key Current Topics

U.S. Economy

- 2023 GDP growth: 2.5%
- Historically low unemployment rates
- Material and energy inflation declining
- Architectural Billing Index below 50
- Housing supply deficit remains ~5 million
- Aging housing & low stock should drive future growth in new construction & remodeling

European Economy

- 2023 Euro Zone GDP growth: 0.5%
- Euro Zone Dec. 2023 inflation 2.9% vs 9.2% Dec. 2022
- Unemployment in Euro Zone near record low
- Energy prices down ~80% from peak
- Significant pent-up demand for remodeling
- Shortage of single- and multi-family housing persists



Key Current Topics (continued)

Operations

- Restructuring projects
 - U.S. rigid LVT converted to direct extrusion
 - EU flexible residential LVT converted to rigid
 - Older Italian ceramic production to be shut down
 - In 2023, shut down 4 manufacturing facilities & several higher cost production lines
 - Consolidated administrative functions & reduced headcount in legacy operations
 - Collectively, restructuring actions of the past 18 months will decrease operating cost by ~\$150 million (almost half already realized)
- Inventory management reduced working capital ~\$300 million in 2023 (excluding acquisitions)



Acquisitions

- Integrated Elizabeth & Vitromex
 - Enhancing sales, marketing & operational strategies
 - Both markets remain under pressure



Global Ceramic Segment

- Sales: down 4.7% on a constant & legacy basis
- Adj. Op. Margin down due to unfavorable price & product mix, FX headwinds & reduced volumes, partially offset by lower inflation & productivity gains
- Residential sales soft as inflation & interest rates affect consumer spending
- U.S. ceramic business outperformed; higher percentage of sales in commercial and new construction channels
- EU energy prices now significantly lower
- New porcelain slab capacity in Italy online & slab sales continue to grow
- Integrated Latin American acquisitions progressing; demand significantly declined in Mexico and Brazil last year



	Q4 2023	Q4 2022
GLOBAL CERAMIC SEGMENT (\$ Amounts in millions)		
Sales	\$994	\$988
% Change	0.6%	--
% Change on a Constant & Legacy Basis	-4.7%	--
Adjusted Operating Income	\$48	\$70
% Adjusted Operating Margin	4.8%	7.1%



Flooring Rest of the World Segment

- Sales down 4.1% on a constant & legacy basis
- Adj. Op. Margin up due to lower input costs, productivity & increased year-over-year volume, partially offset by price pressure & foreign exchange
- European building product category remains under stress
- Investing in new products & merchandising for 2024 while tightening cost controls
- Panels volume & margins declining with market
- 2022 acquisitions integrated & operational enhancements in progress
- Restructuring, cost containment & promotional activities implemented



	Q4 2023	Q4 2022
FLOORING ROW SEGMENT (\$ Amounts in millions)		
Sales	\$706	\$717
% Change	-1.5%	--
% Change on a Constant & Legacy Basis	-4.1%	--
Adjusted Operating Income	\$75	\$56
% Adjusted Operating Margin	10.6%	7.7%



Flooring North America Segment

- Sales down 3.6% on a legacy basis
- Adj. Op. Margin up due to decreased input costs & productivity gains, partially offset by negative pricing & mix
- Led by hospitality sector, commercial channel continues to outperform residential, though softening
- To enhance business, making capital investments to increase differentiated features & lower manufacturing costs
- Investing in sales & marketing initiatives to expand distribution
- Restructuring, productivity & cost containment projects implemented
- Leveraging customer relationships to expand recent acquisitions

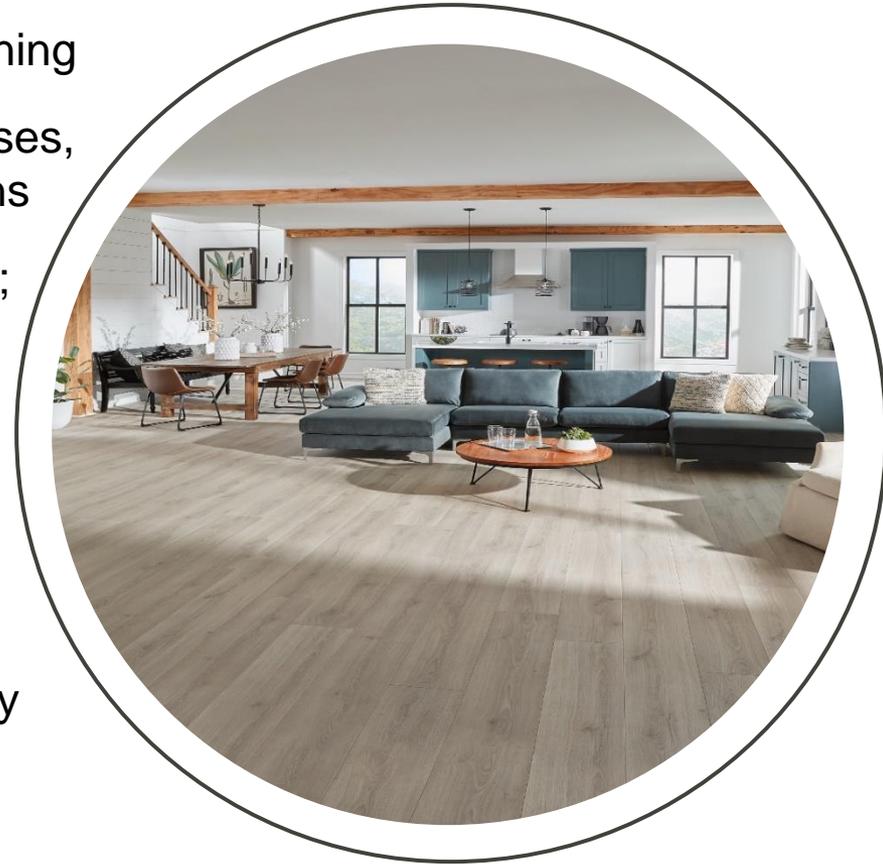


	Q4 2023	Q4 2022
FLOORING NORTH AMERICA SEGMENT (Amounts in millions)		
Sales	\$912	\$946
% Change	-3.6%	--
Adjusted Operating Income (Loss)	\$63	-\$1
% Adjusted Operating Margin	6.9%	-0.1%



Near-term Outlook

- High interest rates & lagging consumer confidence persist
- Commercial sector showing signs of weakening
- Adapting to conditions by minimizing expenses, reducing overhead & restructuring operations
- Highly competitive markets pressuring price; mix impacted by consumers trading down
- Declining input costs being passed through to customers to optimize volumes
- Bringing to market innovative products to increase sales & mix
- Managing inventory & anticipating temporary shutdowns, creating unabsorbed overhead
- Q1 adjusted EPS guidance of \$1.60 to \$1.70 (announced February 8)



Extended Outlook

- Expectation of improved results in second half of 2024
 - Improving industry conditions
 - Actions undertaken to improve our cost structure
 - Integration of recent acquisitions
- Impact of anticipated interest rate reductions
 - Expanding home sales
 - Greater residential remodeling
 - Increased commercial projects
- Improved industry volumes dependent on
 - Inflation rates
 - Consumer confidence
 - Strength of home sales
- After past housing recessions, industry has recovered with increased sales & expanding margins for multiple years
- Housing remains in short supply & aging homes will require increased remodeling investments
- As world's largest flooring company, Mohawk is uniquely positioned to improve results as the market recovers





Financials


MOHAWK®

Earnings Summary (Consolidated)

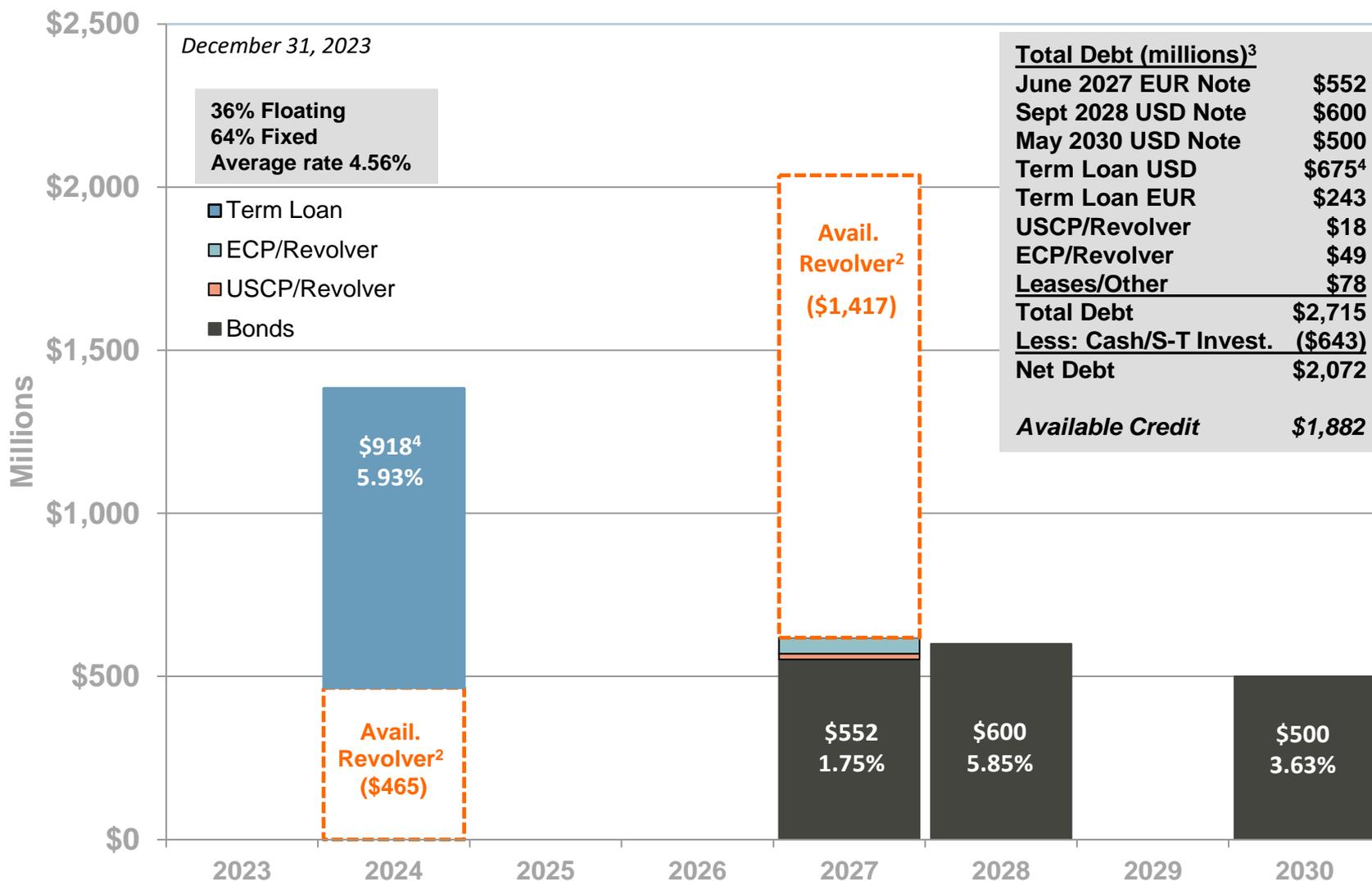
	2021	2022	2023
Net Sales % Change	\$11,201 17.3%	\$11,737 4.8%	\$11,135 -5.1%
Adjusted EBITDA % Adjusted EBITDA Margin	\$1,949 17.4%	\$1,650 14.1%	\$1,416 12.7%
Adjusted Operating Income % Adjusted Operating Margin	\$1,360 12.1%	\$1,083 9.2%	\$814 7.3%
Adjusted Net Earnings % Change	\$1,027 62.8%	\$823 -19.9%	\$587 -28.7%
Adjusted Diluted EPS % Change	\$14.86 68.3%	\$12.85 -13.5%	\$9.19 -28.5%

(Amounts in Millions except EPS)

Results by Segments

	2021	2022	2023
GLOBAL CERAMIC			
Sales % Change	\$3,917 14.1%	\$4,308 10.0%	\$4,300 -0.2%
Adjusted Operating Income % Adjusted Operating Margin	\$406 10.4%	\$457 10.6%	\$302 7.0%
FLOORING NA			
Sales % Change	\$4,116 14.5%	\$4,207 2.2%	\$3,829 -9.0%
Adjusted Operating Income % Adjusted Operating Margin	\$424 10.3%	\$282 6.7%	\$206 5.4%
FLOORING ROW			
Sales % Change	\$3,167 25.4%	\$3,222 1.8%	\$3,006 -6.7%
Adjusted Operating Income % Adjusted Operating Margin	\$576 18.2%	\$381 11.8%	\$348 11.6%

Maturity Profile¹



1 Not shown on graph: \$78MM in capital/embedded leases and other debt

2 After Letters of Credit issuance of \$0.7MM; Amended RCF is bifurcated, with \$465MM maturing October 2024 and \$1,485MM maturing August 2027

3 Excluding deferred loan cost deduction of \$11.0MM

4 On January 31, 2024, the USD portion (\$675MM) of the Term Loan was prepaid in full



Reconciliation Tables


MOHAWK®

Reconciliation of Non-GAAP Measures

ADJUSTED NET SALES

<i>(Amounts in thousands)</i>	Q4 2023	Q4 2022
CONSOLIDATED		
Net Sales	\$ 2,612,278	2,650,675
Adjustment for constant shipping days	1,878	-
Adjustment for constant exchange rates	9,987	-
Adjustment for acquisition volume	(82,669)	-
Adjusted net sales	\$ 2,541,474	2,650,675
GLOBAL CERAMIC		
Net Sales	\$ 993,739	987,699
Adjustment for constant shipping days	12,719	-
Adjustment for constant exchange rates	15,521	-
Adjustment for acquisition volume	(80,321)	-
Adjusted net sales	\$ 941,658	987,699
FLOORING ROW		
Net Sales	\$ 706,490	717,017
Adjustment for constant shipping days	(10,841)	-
Adjustment for constant exchange rates	(5,534)	-
Adjustment for acquisition volume	(2,348)	-
Adjusted net sales	\$ 687,767	717,017

Reconciliation of Non-GAAP Measures

ADJUSTED OPERATING INCOME		
<i>(Amounts in thousands)</i>	Q4 2023	Q4 2022
CONSOLIDATED		
Operating Income	\$ 167,098	61,078
Adjustments to operating income:		
Restructuring, acquisition and integration-related and other costs	11,336	47,639
Inventory step-up from purchase accounting	-	1,218
Impairment of goodwill and indefinite-lived intangibles	1,636	-
Legal settlement, reserves and fees	(4,652)	9,231
Adjusted operating income	\$ 175,418	119,166
Adjusted operating income as a percent of net sales	6.7%	4.5%
GLOBAL CERAMIC		
Operating income	\$ 41,505	69,033
Adjustments to segment operating income:		
Restructuring, acquisition and integration-related and other costs	4,907	1,054
Impairment of goodwill and indefinite-lived intangibles	1,636	-
Adjusted segment operating income	\$ 48,048	70,087
Adjusted segment operating income as a percent of net sales	4.8%	7.1%
FLOORING NA		
Operating income (loss)	\$ 74,605	(28,950)
Adjustments to segment operating income (loss):		
Restructuring, acquisition and integration-related and other costs	(1,113)	28,174
Legal settlement and reserves	(10,250)	-
Adjusted segment operating income (loss)	\$ 63,242	(776)
Adjusted segment operating income (loss) as a percent of net sales	6.9%	-0.1%
FLOORING ROW		
Operating income	\$ 67,137	35,902
Adjustments to segment operating income:		
Restructuring, acquisition and integration-related and other costs	7,542	18,411
Inventory step-up from purchase accounting	-	1,218
Adjusted segment operating income	\$ 74,679	55,531
Adjusted segment operating income as a percent of net sales	10.6%	7.7%
CORPORATE AND INTERSEGMENT ELIMINATIONS		
Operating (loss)	\$ (16,149)	(14,907)
Adjustments to segment operating (loss):		
Legal settlements, reserves and fees	5,598	9,231
Adjusted segment operating (loss)	\$ (10,551)	(5,676)

Reconciliation of Non-GAAP Measures

ADJUSTED OPERATING INCOME			
<i>(Amounts in thousands)</i>	2021	2022	2023
Operating income (loss)	\$1,335,011	244,217	(287,808)
Adjustments to operating income (loss):			
Restructuring, acquisition and integration-related and other costs	23,637	85,995	132,203
Inventory step-up from purchase accounting	1,749	2,762	4,476
Impairment of goodwill and indefinite-lived intangibles*	-	695,771	877,744
Legal settlements, reserves and fees	-	54,231	87,824
Adjusted operating income	\$1,360,397	1,082,976	814,439
Adjusted operating income as a percent of net sales	12.1%	9.2%	7.3%
ADJUSTED EBITDA			
<i>(Amounts in thousands)</i>	2021	2022	2023
Net earnings (loss) including noncontrolling interests	\$1,033,548	25,783	(439,371)
Interest expense	57,252	51,938	77,514
Income tax expense	256,445	158,110	84,862
Net income attributable to non-controlling interest	(389)	(536)	(145)
Depreciation and amortization**	591,711	595,464	630,327
EBITDA	1,938,567	830,759	353,187
Restructuring, acquisition and integration-related and other costs	14,700	58,819	96,218
Inventory step-up from purchase accounting	1,749	2,762	4,476
Impairment of goodwill and indefinite-lived intangibles*	-	695,771	877,744
Legal settlement, reserves and fees	-	54,231	87,824
Release of indemnification asset	-	7,324	(2,957)
Resolution of foreign non-income tax contingencies	(6,211)	-	-
Adjusted EBITDA	\$1,948,805	1,649,666	1,416,492
Adjusted EBITDA as a percent of net sales	17.4%	14.1%	12.7%
Net Debt less Short-term Investments to adjusted EBITDA	0.9	1.3	1.5

*As a result of a decrease in the Company's market capitalization, a higher WACC and macroeconomic conditions, the Company performed interim impairment tests of its goodwill and indefinite-lived intangible assets, which resulted in the impairment charges of \$878 million (\$865 million net of tax) and \$696 million (\$686 million net of tax) in 2022 and 2023, respectively.

** Includes accelerated depreciation of \$8,417 for 2021, \$29,000 for 2022 and \$33,104 for 2023.

Reconciliation of Non-GAAP Measures

ADJUSTED EBITDA		
<i>(Amounts in thousands)</i>	Q4 2023	Q4 2022
Net earnings including noncontrolling interests	\$ 139,428	33,552
Interest expense	17,376	14,601
Income tax expense	14,205	2,917
Net (earnings)/loss attributable to non-controlling interest	60	(96)
Depreciation and amortization*	154,215	159,014
EBITDA	325,284	209,988
Restructuring, acquisition and integration-related and other costs	5,959	33,786
Inventory step-up from purchase accounting	-	1,218
Impairment of goodwill and indefinite-lived intangibles	1,636	-
Legal settlement, reserves and fees	(4,652)	9,231
Release of indemnification asset	(107)	-
Adjusted EBITDA	\$ 328,120	254,223
Adjusted EBITDA as a percent of net sales	12.6%	9.6%

ADJUSTED NET EARNINGS		
<i>(Amounts in thousands, except EPS)</i>	Q4 2023	Q4 2022
Net earnings attributable to Mohawk Industries, Inc.	\$ 139,488	33,456
Adjusting items:		
Restructuring, acquisition, integration-related and other costs	8,591	49,701
Inventory step-up from purchase accounting	-	1,218
Impairment of goodwill and indefinite-lived intangibles	1,636	-
Legal settlements, reserves and fees	(4,652)	9,231
Release of indemnification asset	(107)	-
Income taxes - reversal of uncertain tax position	107	-
European tax restructuring	(9,999)	-
Income tax effect of adjusting items	(9,805)	(9,245)
Adjusted net earnings attributable to Mohawk Industries, Inc.	\$ 125,259	84,361
Adjusted diluted earnings per share attributable to Mohawk Industries, Inc.	\$1.96	\$1.32
Weighted-average common shares outstanding - diluted	63,938	63,792

*Includes accelerated depreciation of \$15,915 for Q4 2022 and \$2,632 for Q4 2023.

Reconciliation of Non-GAAP Measures

ADJUSTED OPERATING INCOME			
<i>(Amounts in thousands)</i>	2021	2022	2023
GLOBAL CERAMIC			
Operating income (loss)	\$ 403,135	(236,066)	(166,448)
Adjustments to segment operating income (loss):			
Restructuring, acquisition and integration-related and other costs	2,627	4,420	37,116
Inventory step-up from purchase accounting	-	-	4,112
Impairment of goodwill and indefinite-lived intangibles	-	688,514	426,868
Adjusted segment operating income	\$ 405,761	456,868	301,648
Adjusted operating income as a percent of net sales	10.4%	10.6%	7.0%
FLOORING NA			
Operating income (loss)	\$ 407,577	231,076	(57,182)
Adjustments to segment operating income (loss):			
Restructuring, acquisition and integration-related and other costs	16,888	48,263	51,688
Inventory step-up from purchase accounting	-	1,401	-
Impairment of goodwill and indefinite-lived intangibles	-	1,407	215,809
Legal settlement, reserves and fees	-	-	(3,875)
Adjusted segment operating income	\$ 424,465	282,147	206,440
Adjusted operating income as a percent of net sales	10.3%	6.7%	5.4%
FLOORING ROW			
Operating income	\$ 571,126	340,167	69,727
Adjustments to segment operating income:			
Restructuring, acquisition and integration-related and other costs	2,911	33,313	43,237
Inventory step-up from purchase accounting	1,749	1,361	364
Impairment of goodwill and indefinite-lived intangibles	-	5,850	235,067
Adjusted segment operating income	\$ 575,786	380,691	348,395
Adjusted operating income as a percent of net sales	18.2%	11.8%	11.6%
CORPORATE AND INTERSEGMENT ELIMINATIONS			
Operating (loss)	\$ (46,827)	(90,960)	(133,905)
Adjustments to segment operating (loss):			
Restructuring, acquisition and integration-related and other costs	1,211	-	162
Legal settlements, reserves and fees	-	54,231	91,699
Adjusted segment operating (loss)	\$ (45,615)	(36,729)	(42,044)

Reconciliation of Non-GAAP Measures

ADJUSTED NET EARNINGS			
<i>(Amounts in thousands, except EPS)</i>	2021	2022	2023
Net earnings (loss) attributable to Mohawk Industries, Inc.	\$1,033,159	25,247	(439,516)
Adjusting items:			
Restructuring, acquisition, integration-related and other costs	23,118	87,819	129,323
Inventory step-up from purchase accounting	1,749	2,762	4,476
Impairment of goodwill and indefinite-lived intangibles*	-	695,771	877,744
Legal settlements, reserves and fees	-	54,231	87,824
Release of indemnification asset	-	7,324	(2,957)
One-time tax planning election	(22,163)	-	-
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	-	-	(9,999)
Income taxes - reversal of uncertain tax position	-	(7,324)	2,957
Income taxes - impairment of goodwill and indefinite-lived intangibles*	-	(10,168)	(12,838)
Income tax effect of adjusting items	(4,626)	(32,536)	(50,038)
Adjusted net earnings attributable to Mohawk Industries, Inc.	\$1,027,328	823,126	586,976
Adjusted diluted earnings per share attributable to Mohawk Industries, Inc.	14.86	12.85	9.19
Weighted-average common shares outstanding - diluted	69,145	64,062	63,892

**As a result of a decrease in the Company's market capitalization, a higher WACC and macroeconomic conditions, the Company performed interim impairment tests of its goodwill and indefinite-lived intangible assets, which resulted in the impairment charges of \$878 million (\$865 million net of tax) and \$696 million (\$686 million net of tax) in 2022 and 2023, respectively.*

Reconciliation of Non-GAAP Measures

NET DEBT			
<i>(Amounts in thousands)</i>	2021Q4	2022Q4	2023Q4
Current portion of long-term debt and commercial paper	\$ 624,503	840,571	1,001,715
Long-term debt, less current portion	1,700,282	1,978,563	1,701,785
Total debt	2,324,785	2,819,135	2,703,500
Less: cash and cash equivalents	268,895	509,623	642,550
Net debt	2,055,890	2,309,511	2,060,950
Less: short-term investments	323,000	158,000	-
Net debt less short-term investments	\$1,732,890	2,151,511	2,060,950



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 For additional information, please visit
mohawkind.com

