



TAMID Equity Research Report 2023-01-29: MHK

Introduction:

This report aims to provide an analysis of the key financial, economic, and business factors that will impact Mohawk Industries' stock price in the future. The report will focus on the company's return on equity (ROE), earnings growth, and competitiveness within the industry, as well as external factors such as interest rates and economic conditions.

Return on Equity:

Mohawk Industries' ROE is currently 2.3%, which is calculated by dividing the company's net profit from continuing operations by its shareholders' equity. This indicates that the company is not particularly profitable in relation to shareholder's equity.

Earnings Growth:

While Mohawk Industries has shrunk its earnings, the industry has grown its earnings at a rate of 30% in the same period. This is a concerning trend as earnings growth is a significant factor in stock valuation.

Competitiveness within the Industry:

The company's high payout ratio and competitive pressures indicate that it may not be as well-positioned as other companies within the industry. In particular, companies with lower yields, such as Nucor, Southern, and Union Pacific, have been more successful in

the long-term.

External Factors:

Economic conditions, such as the possibility of a "soft landing" for the economy, as well as interest rate changes, may also impact Mohawk Industries' stock price.

Additionally, the suspension of fracking operations in Colombia by the new president, Gustavo Petro, could also affect the company's performance.

Conclusion:

Overall, Mohawk Industries faces a number of challenges in terms of profitability, earnings growth, and competitiveness within the industry. Additionally, external factors such as economic conditions and interest rate changes may also impact the company's stock price. Based on this analysis, it may not be a wise investment at this time. The company will release its fourth quarter and full-year results on February 9, 2023, and will provide more extensive commentary during the quarterly investor call on February 10, 2023.