

**MOHAWK INDUSTRIES, INC. AND
SUBSIDIARIES**

(Unaudited)

Condensed Consolidated Statement of
Operations Data

(Amounts in thousands, except per share
data)

	Three Months Ended		Nine Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
Net sales	\$2,574,870	2,519,185	6,910,433	7,546,160
Cost of sales	1,868,671	1,827,494	5,217,827	5,492,924
Gross profit	706,199	691,691	1,692,606	2,053,236
Selling, general and administrative expenses	443,455	451,471	1,339,338	1,380,826
Operating income	262,744	240,220	353,268	672,410
Interest expense	14,854	9,316	36,481	30,310
Other (income) expense, net	(726)	52,713	5,990	45,929
Earnings before income taxes	248,616	178,191	310,797	596,171
Income tax expense	43,163	22,522	43,467	116,273
Net earnings including noncontrolling interest	205,453	155,669	267,330	479,898
Net income (loss) attributable to noncontrolling interest	336	151	(44)	354
Net earnings attributable to Mohawk Industries, Inc.	\$ 205,117	155,518	267,374	479,544
Basic earnings per share attributable to Mohawk Industries, Inc.	\$ 2.88	2.16	3.76	6.63
Weighted-average common shares outstanding - basic	71,197	72,106	71,190	72,302

Diluted earnings per share attributable to

Mohawk Industries, Inc.

Diluted earnings per share attributable to Mohawk Industries, Inc.	\$	2.87	2.15	3.75	6.61
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Weighted-average common shares outstanding - diluted		71,378	72,392	71,362	72,578
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Other Financial Information

(Amounts in thousands)

Net cash provided by operating activities	\$	598,499	411,761	1,361,994	978,086
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Less: Capital expenditures		69,143	124,555	265,414	405,614
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Free cash flow	\$	529,356	287,206	1,096,580	572,472
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Depreciation and amortization	\$	151,342	144,920	450,952	422,693
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Condensed Consolidated Balance Sheet Data

(Amounts in thousands)

		September 26, 2020	September 28, 2019
ASSETS			
Current assets:			
Cash and cash equivalents	\$	781,238	111,303
Short-term investments		407,784	45,000
Receivables, net		1,710,961	1,787,158
Inventories		1,841,973	2,337,952
Prepaid expenses and other current assets		410,031	446,367
Total current assets		5,151,987	4,727,780

Property, plant and equipment, net	4,405,243	4,600,630
Right of use operating lease assets	303,050	334,083
Goodwill	2,574,641	2,519,214
Intangible assets, net	918,778	916,953
Deferred income taxes and other non-current assets	430,515	294,102
Total assets	\$13,784,214	13,392,762
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt and commercial paper	\$ 356,130	1,273,158
Accounts payable and accrued expenses	1,933,206	1,738,859
Current operating lease liabilities	97,778	102,682
Total current liabilities	2,387,114	3,114,699
Long-term debt, less current portion	2,282,781	1,483,581
Non-current operating lease liabilities	214,654	238,560
Deferred income taxes and other long-term liabilities	732,596	790,643
Total liabilities	5,617,145	5,627,483
Total stockholders' equity	8,167,069	7,765,279
Total liabilities and stockholders' equity	\$13,784,214	13,392,762

Segment Information	Three Months Ended		As of or for the Nine Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
(Amounts in thousands)				

Net sales:

Global Ceramic	\$ 911,303	916,422	2,513,088	2,772,805
Flooring NA	982,292	1,001,908	2,630,710	2,907,327
Flooring ROW	681,275	600,855	1,766,635	1,866,028
Consolidated net sales	\$2,574,870	2,519,185	6,910,433	7,546,160
Operating income (loss):				
Global Ceramic	\$ 73,998	83,305	88,166	283,571
Flooring NA	74,313	82,768	65,035	148,010
Flooring ROW	129,135	82,988	234,429	272,071
Corporate and intersegment eliminations	(14,702)	(8,841)	(34,362)	(31,242)
Consolidated operating income (a)	\$ 262,744	240,220	353,268	672,410
Assets:				
Global Ceramic			\$ 5,111,492	5,385,279
Flooring NA			3,626,339	4,020,205
Flooring ROW			3,928,243	3,736,296
Corporate and intersegment eliminations			1,118,140	250,982
Consolidated assets			\$13,784,214	13,392,762

(a) During the second quarter of 2020, the Company revised the methodology it uses to estimate and allocate corporate general and administrative expenses to its operating segments to better align usage of corporate resources allocated to the Company segments. The updated allocation methodology had no impact on the Company's consolidated statements of operations. This change was applied retrospectively, and segment operating income for all comparative periods has been updated to reflect this change.

Reconciliation of Net Earnings Attributable to Mohawk Industries, Inc. to Adjusted Net Earnings Attributable to Mohawk Industries, Inc. and Adjusted Diluted Earnings Per Share Attributable to Mohawk Industries, Inc.

(Amounts in thousands, except per

share data)

	Three Months Ended		Nine Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
Net earnings attributable to Mohawk Industries, Inc.	\$ 205,117	155,518	267,374	479,544
Adjusting items:				
Restructuring, acquisition and integration-related and other costs	32,359	1,542	144,683	49,877
Acquisitions purchase accounting, including inventory step-up	-	-	-	3,716
Impairment of net investment in a manufacturer and distributor of Ceramic tile in China(1)	-	65,172	-	65,172
Release of indemnification asset	(191)	(659)	(249)	(659)
Income taxes - reversal of uncertain tax position	191	659	249	659
Income taxes	(4,533)	(22,807)	(33,393)	(34,660)
Adjusted net earnings attributable to Mohawk Industries, Inc.	\$ 232,943	199,425	378,664	563,649

Adjusted diluted earnings per share attributable to Mohawk Industries, Inc.	\$ 3.26	2.75	5.31	7.77
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Weighted-average common shares outstanding - diluted	71,378	72,392	71,362	72,578
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[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 \$65 million write off to our investment in a Chinese manufacturer and distributor.

Reconciliation of
Total Debt to
Net Debt

(Amounts in
thousands)

	September 26, 2020
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Current portion of long-term debt and commercial paper	\$ 356,130
Long-term debt, less current portion	2,282,781
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Total debt	2,638,911
Less: Cash and cash equivalents	781,238
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Net Debt	1,857,673

Less: Short-term investments 407,784

Net debt less short-term investments \$ 1,449,889

Reconciliation of Operating Income (Loss) to Adjusted EBITDA

(Amounts in thousands)

	Three Months Ended				Trailing Twelve
	December 31, 2019	March 28, 2020	June 27, 2020	September 26, 2020	Months Ended September 26, 2020
Operating income (loss)	\$ 154,814	151,483	(60,958)	262,744	508,083
Other (expense) income	9,522	(5,679)	(1,037)	726	3,532
Net (income) loss attributable to noncontrolling interest	(6)	49	331	(336)	38
Depreciation and amortization (1)	153,759	145,516	154,094	151,342	604,711
EBITDA	318,089	291,369	92,430	414,476	1,116,364

Restructuring, acquisition and integration-related and other costs	49,802	10,376	91,963	27,116	179,257
Impairment of net investment in a manufacturer and distributor of Ceramic tile in China	(5,226)	-	-	-	(5,226)
Acquisitions purchase accounting, including inventory step-up	222	-	-	-	222
Release of indemnification asset	603	(35)	(23)	(191)	354
Adjusted EBITDA	\$ 363,490	301,710	184,370	441,401	1,290,971

Net Debt less short-term investments to Adjusted EBITDA					1.1
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(1) Includes \$1,589 of non-gaap depreciation in Q1 2020 with \$8,395 in Q2 2020 and \$5,243 in Q3 2020.

Reconciliation of Net Sales to Net Sales on a Constant Exchange Rate and on Constant Shipping Days

(Amounts in thousands)

Three Months Ended

Nine Months Ended

	September 26, 2020	September 28, 2019	Septembe r 26, 2020	Septembe r 28, 2019
Net sales	\$ 2,574,870	2,519,185	6,910,433	7,546,160
Adjustment to net sales on constant shipping days	(2,242)	-	35,247	-
Adjustment to net sales on a constant exchange rate	1,695	-	76,245	-
Net sales on a constant exchange rate and constant shipping days	\$ 2,574,323	2,519,185	7,021,925	7,546,160

Reconciliation of Segment Net Sales to
Segment Net Sales on a Constant
Exchange Rate and on Constant Shipping
Days

(Amounts in
thousands)

	Three Months Ended	
Global Ceramic	September 26, 2020	September 28, 2019
Net sales	\$ 911,303	916,422
Adjustment to net sales on constant shipping days	(2,242)	-
Adjustment to segment net sales on a constant exchange rate	23,026	-
Segment net sales on a constant exchange rate	\$ 932,087	916,422

and constant shipping
days

Reconciliation of
Segment Net Sales to
Segment Net Sales on a
Constant Exchange
Rate

(Amounts in
thousands)

	Three Months Ended	
Flooring ROW	September 26, 2020	September 28, 2019
Net sales	\$ 681,275	600,855
Adjustment to segment net sales on a constant exchange rate	(21,331)	-
Segment net sales on a constant exchange rate	\$ 659,944	600,855

Reconciliation of
Gross Profit to
Adjusted Gross
Profit

(Amounts in
thousands)

	Three Months Ended	
	September 26, 2020	September 28, 2019
Gross Profit	\$ 706,199	691,691

Adjustments to
gross profit:

Restructuring, acquisition and integration- related and other costs	23,585	7,464
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Adjusted gross profit	\$ 729,784	699,155
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Reconciliation of Selling, General and
Administrative Expenses to Adjusted
Selling, General and Administrative
Expenses

(Amounts in
thousands)

	Three Months Ended	
	September 26, 2020	September 28, 2019
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Selling, general and administrative expenses	\$ 443,455	451,471
Adjustments to selling, general and administrative expenses:		
Restructuring, acquisition and integration- related and other costs	(8,764)	(2,051)
Release of indemnification asset	-	(246)
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Adjusted selling,	\$ 434,691	449,174
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general and
administrative
expenses

Reconciliation of
Operating
Income to
Adjusted
Operating
Income

(Amounts in
thousands)

	Three Months Ended	
	September 26, 2020	September 28, 2019
Operating income	\$ 262,744	240,220
Adjustments to operating income:		
Restructuring, acquisition and integration- related and other costs	32,349	9,515
Release of indemnification asset	-	246
Adjusted operating income	\$ 295,093	249,981

Reconciliation of
Segment Operating

Income to Adjusted
Segment Operating
Income

(Amounts in
thousands)

	Three Months Ended	
Global Ceramic	September 26, 2020	September 28, 2019
Operating income	\$ 73,998	83,305
Adjustments to segment operating income:		
Restructuring, acquisition and integration- related and other costs	20,129	1,167
Adjusted segment operating income	\$ 94,127	84,472

Reconciliation of
Segment Operating
Income to Adjusted
Segment Operating
Income

(Amounts in
thousands)

	Three Months Ended	
Flooring NA	September 26, 2020	September 28, 2019
Operating income	\$ 74,313	82,768

Adjustments to
segment
operating
income:

Restructuring, acquisition and integration- related and other costs	5,953	4,095
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Adjusted segment operating income	\$ 80,266	86,863
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Reconciliation of
Segment Operating
Income to Adjusted
Segment Operating
Income

(Amounts in
thousands)

	Three Months Ended	
Flooring ROW	September 26, 2020	September 28, 2019
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Operating income	\$ 129,135	82,988
Adjustments to segment operating income:		
Restructuring, acquisition and integration- related and other costs	2,019	4,435
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Adjusted segment operating income	\$ 131,154	87,423
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income

Reconciliation of
Segment Operating
(Loss) to Adjusted
Segment Operating
(Loss)

(Amounts in
thousands)

	Three Months Ended	
Corporate and intersegment eliminations	September 26, 2020	September 28, 2019
Operating (loss)	\$ (14,702)	(8,841)
Adjustments to segment operating (loss):		
Restructuring, acquisition and integration- related and other costs	4,248	65
Adjusted segment operating (loss)	\$ (10,454)	(8,776)

Reconciliation of Earnings Including Noncontrolling Interests Before
Income Taxes to Adjusted Earnings Including Noncontrolling Interests
Before Income Taxes

(Amounts in
thousands)

Three Months Ended

	September 26, 2020	September 28, 2019
Earnings before income taxes	\$ 248,616	178,191
Noncontrolling interests	(336)	(151)
Adjustments to earnings including noncontrolling interests before income taxes:		
Restructuring, acquisition and integration- related and other costs	32,359	1,542
Impairment of net investment in a manufacturer and distributor of Ceramic tile in China	-	65,172
Release of indemnification asset	(191)	(659)
Adjusted earnings including noncontrolling interests before income taxes	\$ 280,448	244,095

Reconciliation of
Income Tax
Expense to Adjusted
Income Tax
Expense

(Amounts in
thousands)

Three Months Ended

	September 26, 2020	September 28, 2019
Income tax expense	\$ 43,163	22,522
Income taxes - reversal of uncertain tax position	(191)	(659)
Income tax effect of adjusting items	4,533	22,807
Adjusted income tax expense	\$ 47,505	44,670
Adjusted income tax rate	16.9%	18.3%

The Company supplements its condensed consolidated financial statements, which are prepared and presented in accordance with US GAAP, with certain non-GAAP financial measures. As required by the Securities and Exchange Commission rules, the tables above present a reconciliation of the Company's non-GAAP financial measures to the most directly comparable US GAAP measure. Each of the non-GAAP measures set forth above should be considered in addition to the comparable US GAAP measure, and may not be comparable to similarly titled measures reported by other companies. The Company believes these non-GAAP measures, when reconciled to the corresponding US GAAP measure, help its investors as follows: Non-GAAP revenue measures that assist in identifying growth trends and in comparisons of revenue with prior and future periods and non-GAAP profitability measures that assist in understanding the long-term profitability trends of the Company's business and in comparisons of its profits with prior and future periods.

The Company excludes certain items from its non-GAAP revenue measures because these items can vary dramatically between periods and can obscure underlying business trends. Items excluded from the Company's non-GAAP revenue measures include: foreign currency transactions and translation and the impact of acquisitions.

The Company excludes certain items from its non-GAAP profitability measures because these items

may not be indicative of, or are unrelated to, the Company's core operating performance. Items excluded from the Company's non-GAAP profitability measures include: restructuring, acquisition and integration-related and other costs, acquisition purchase accounting, including inventory step-up, release of indemnification assets and the reversal of uncertain tax positions.