

**MOHAWK INDUSTRIES, INC. AND
SUBSIDIARIES**

(Unaudited)

**Condensed Consolidated Statement of
Operations Data**

	Three Months Ended		Twelve Months Ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
<i>(Amounts in thousands, except per share data)</i>				
Net sales	\$2,641,764	2,424,512	9,552,197	9,970,672
Cost of sales	1,903,680	1,801,705	7,121,507	7,294,629
Gross profit	738,084	622,807	2,430,690	2,676,043
Selling, general and administrative expenses	455,351	467,993	1,794,688	1,848,819
Operating income	282,733	154,814	636,002	827,224
Interest expense	15,897	10,962	52,379	41,272
Other (income) expense, net	(6,742)	(9,522)	(751)	36,407
Earnings before income taxes	273,578	153,374	584,374	749,545
Income tax expense	25,180	(111,299)	68,647	4,974
Net earnings including noncontrolling interests	248,398	264,673	515,727	744,571
Net earnings attributable to noncontrolling interests	176	6	132	360
Net earnings attributable to Mohawk Industries, Inc.	\$248,222	264,667	515,595	744,211

**Basic earnings per share attributable to
Mohawk Industries, Inc.**

Basic earnings per share attributable to Mohawk Industries, Inc.	\$3.50	3.69	7.24	10.34
Weighted-average common shares outstanding - basic	70,951	71,640	71,214	71,986

**Diluted earnings per share attributable to
Mohawk Industries, Inc.**

Diluted earnings per share attributable to Mohawk Industries, Inc.	\$3.49	3.68	7.22	10.30
Weighted-average common shares outstanding - diluted	71,209	71,954	71,401	72,264

Other Financial Information

(Amounts in thousands)

Net cash provided by operating activities	\$407,844	440,675	1,769,839	1,418,761
Less: Capital expenditures	160,142	139,849	425,557	545,462
Free cash flow	\$247,702	300,826	1,344,282	873,299
Depreciation and amortization	\$156,555	153,759	607,507	576,452

Condensed Consolidated Balance Sheet Data

(Amounts in thousands)

	December 31, 2020	December 31, 2019
ASSETS		

Current assets:		
Cash and cash equivalents	\$768,625	134,785
Short-term investments	571,741	42,500
Receivables, net	1,709,493	1,526,619
Inventories	1,913,020	2,282,328
Prepaid expenses and other current assets	400,775	443,225
Total current assets	5,363,654	4,429,457
Property, plant and equipment, net	4,591,229	4,698,917
Right of use operating lease assets	323,138	323,003
Goodwill	2,650,831	2,570,027
Intangible assets, net	951,607	928,879
Deferred income taxes and other non-current assets	447,292	436,397
Total assets	\$14,327,751	13,386,680

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Short-term debt and current portion of long-term debt	\$377,255	1,051,498
Accounts payable and accrued expenses	1,895,951	1,559,140
Current operating lease liabilities	98,042	101,945
Total current liabilities	2,371,248	2,712,583
Long-term debt, less current portion	2,356,887	1,518,388
Non-current operating lease liabilities	234,726	228,155
Deferred income taxes and other long-term liabilities	823,732	801,106
Total liabilities	5,786,593	5,260,232
Total stockholders' equity	8,541,158	8,126,448
Total liabilities and stockholders' equity	\$14,327,751	13,386,680

Segment Information	Three Months Ended		As of or for the Twelve Months Ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
<i>(Amounts in thousands)</i>				
Net sales:				
Global Ceramic	\$919,668	858,337	3,432,756	3,631,142
Flooring NA	963,365	936,387	3,594,075	3,843,714
Flooring ROW	758,731	629,788	2,525,366	2,495,816
Consolidated net sales	\$2,641,764	2,424,512	9,552,197	9,970,672
Operating income (loss):				
Global Ceramic	\$79,565	52,068	167,731	335,639
Flooring NA	82,407	29,556	147,442	177,566
Flooring ROW	132,505	81,595	366,934	353,666
Corporate and intersegment eliminations	(11,744)	(8,405)	(46,105)	(39,647)
Consolidated operating income (a)	\$282,733	154,814	636,002	827,224
Assets:				
Global Ceramic	\$5,250,069		5,419,896	
Flooring NA	3,594,976		3,823,654	
Flooring ROW	4,194,447		3,925,246	
Corporate and intersegment eliminations	1,288,259		217,884	
Consolidated assets	\$14,327,751		13,386,680	

(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		Twelve Months Ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Net earnings attributable to Mohawk Industries, Inc.	\$248,222	264,667	515,595	744,211
Adjusting items:				
Restructuring, acquisition and integration-related and other costs	22,395	49,802	167,079	99,679
Acquisitions purchase accounting, including inventory step-up	-	222	-	3,938
Deferred loan cost write off	-	601	-	601
Impairment of net investment in a manufacturer and distributor of Ceramic tile in China (1)	-	(5,226)	-	59,946
European tax restructuring(2)	-	(136,194)	-	(136,194)
Release of indemnification asset	(13)	603	(262)	(57)
Income taxes - reversal of uncertain tax position	13	(603)	262	56
Income taxes	(18,609)	(12,183)	(52,002)	(46,842)
Adjusted net earnings attributable to Mohawk Industries, Inc.	\$252,008	161,689	630,672	725,338
Adjusted diluted earnings per share attributable to Mohawk Industries, Inc.	\$3.54	2.25	8.83	10.04
Weighted-average common shares outstanding - diluted	71,209	71,954	71,401	72,264

[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.

[2] 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 Total Debt to Net Debt Less

Short-Term Investments

(Amounts in thousands)

	December 31, 2020
Short-term debt and current portion of long-term debt	\$377,255
Long-term debt, less current portion	2,356,887
Total debt	2,734,142
Less: Cash and cash equivalents	768,625
Net Debt	1,965,517
Less: Short-term investments	571,741
Net debt less short-term investments	\$1,393,776

Reconciliation of Operating Income (Loss) to Adjusted EBITDA

(Amounts in thousands)

	Three Months Ended				Trailing Twelve Months Ended
	March 28, 2020	June 27, 2020	September 26, 2020	December 31, 2020	December 31, 2020
Operating income (loss)	\$151,483	(60,958)	262,744	282,733	636,002
Other (expense) income	(5,679)	(1,037)	726	6,742	752
Net (income) loss attributable to noncontrolling interests	49	331	(336)	(176)	(132)
Depreciation and amortization (1)	145,516	154,094	151,342	156,555	607,507
EBITDA	291,369	92,430	414,476	445,854	1,244,129
Restructuring, acquisition and integration-related and other costs	10,376	91,963	27,116	15,960	145,415
Release of indemnification asset	(35)	(23)	(191)	(13)	(262)
Adjusted EBITDA	\$301,710	184,370	441,401	461,801	1,389,282
Net Debt less short-term investments to Adjusted EBITDA					1.0

(1) Includes \$1,589 of accelerated depreciation in Q1 2020 with \$8,395 in Q2 2020, \$5,243 in Q3 2020 and \$6,435 in Q4 2020.

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

(Amounts in thousands)

	Three Months Ended		Twelve Months Ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Net sales	\$2,641,764	2,424,512	9,552,197	9,970,672
Adjustment to net sales on constant shipping days	(65,438)	-	(30,192)	-
Adjustment to net sales on a constant exchange rate	(17,445)	-	58,799	-
Net sales on a constant exchange rate	\$2,558,881	2,424,512	9,580,804	9,970,672

and constant shipping days

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	
	December 31, 2020	December 31, 2019
Global Ceramic		
Net sales	\$919,668	858,337
Adjustment to segment net sales on constant shipping days	(25,205)	-
Adjustment to segment net sales on a constant exchange rate	17,465	-
Segment net sales on a constant exchange rate and constant shipping days	\$911,928	858,337

Reconciliation of Segment Net Sales to Segment Net Sales on Constant Shipping Days

(Amounts in thousands)

	Three Months Ended	
	December 31, 2020	December 31, 2019
Flooring NA		
Net sales	\$963,365	936,387
Adjustment to segment net sales on constant shipping days	(29,193)	-
Segment net sales on constant shipping days	\$934,172	936,387

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	
	December 31, 2020	December 31, 2019
Flooring ROW		
Net sales	\$758,731	629,788
Adjustment to segment net sales on constant shipping days	(11,041)	-
Adjustment to segment net sales on a constant exchange rate	(34,911)	-
Segment net sales on a constant exchange rate and constant shipping days	\$712,779	629,788

Reconciliation of Gross Profit to Adjusted Gross Profit

(Amounts in thousands)

	Three Months Ended	
	December 31, 2020	December 31, 2019
Gross Profit	\$738,084	622,807
Adjustments to gross profit:		
Restructuring, acquisition and integration-related and other costs	22,789	45,372
Adjusted gross profit	\$760,873	668,179

Reconciliation of Selling, General and Administrative Expenses to Adjusted Selling, General and Administrative Expenses

(Amounts in thousands)

	Three Months Ended	
	December 31, 2020	December 31, 2019
Selling, general and administrative expenses	\$455,351	467,993
Adjustments to selling, general and administrative expenses:		
Restructuring, acquisition and integration-related and other costs	394	(4,651)
Release of indemnification asset	-	(2)
Adjusted selling, general and administrative expenses	\$455,745	463,340

Reconciliation of Operating Income to Adjusted Operating Income

(Amounts in thousands)

	Three Months Ended	
	December 31, 2020	December 31, 2019
Operating income	\$282,733	154,814
Adjustments to operating income:		
Restructuring, acquisition and integration-related and other costs	22,395	49,802
Release of indemnification asset	-	2
Acquisitions purchase accounting, including inventory step-up	-	222
Adjusted operating income	\$305,128	204,840

Reconciliation of Segment Operating Income to Adjusted Segment Operating Income

(Amounts in thousands)

	Three Months Ended	
	December 31, 2020	December 31, 2019
Global Ceramic		
Operating income	\$79,565	52,068
Adjustments to segment operating		

income:

Restructuring, acquisition and integration-related and other costs	8,164	1,204
Adjusted segment operating income	\$87,729	53,272

Reconciliation of Segment Operating Income to Adjusted Segment Operating Income

(Amounts in thousands)

	Three Months Ended	
	December 31, 2020	December 31, 2019
Flooring NA		
Operating income	\$82,407	29,556
Adjustments to segment operating income:		
Restructuring, acquisition and integration-related and other costs	8,651	42,149
Adjusted segment operating income	\$91,058	71,705

Reconciliation of Segment Operating Income to Adjusted Segment Operating Income

(Amounts in thousands)

	Three Months Ended	
	December 31, 2020	December 31, 2019
Flooring ROW		
Operating income	\$132,505	81,595
Adjustments to segment operating income:		
Restructuring, acquisition and integration-related and other costs	5,496	6,235
Acquisitions purchase accounting, including inventory step-up	-	222
Adjusted segment operating income	\$138,001	88,052

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

(Amounts in thousands)

	Three Months Ended	
	December 31, 2020	December 31, 2019
Earnings before income taxes	\$273,578	153,374
Net earnings attributable to noncontrolling interests	(176)	(6)
Adjustments to earnings including noncontrolling interests before income taxes:		

Restructuring, acquisition and integration-related and other costs	22,395	49,802
Acquisitions purchase accounting, including inventory step-up	-	222
Impairment of net investment in a manufacturer and distributor of Ceramic tile in China	-	(5,226)
Release of indemnification asset	(13)	603
Deferred loan cost write off	-	601
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Adjusted earnings including noncontrolling interests before income taxes	\$295,784	199,370
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Reconciliation of Income Tax Expense to Adjusted Income Tax Expense

(Amounts in thousands)

	Three Months Ended	
	December 31, 2020	December 31, 2019
Income tax expense	\$25,180	(111,299)
European tax restructuring	-	136,194
Income taxes - reversal of uncertain tax position	(13)	603
Income tax effect of adjusting items	18,609	12,183
Adjusted income tax expense	\$43,776	37,681
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Adjusted income tax rate	14.8	% 18.9 %

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.

Source: GlobeNewswire