

**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 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Net sales	\$2,519,185	2,545,800	7,546,160	7,535,016
Cost of sales	1,827,494	1,825,367	5,492,924	5,343,336
Gross profit	691,691	720,433	2,053,236	2,191,680
Selling, general and administrative expenses	451,471	433,189	1,380,826	1,309,730
Operating income	240,220	287,244	672,410	881,950
Interest expense	9,316	9,025	30,310	24,416
Other (income) expense, net	52,713	706	45,929	6,794
Earnings before income taxes	178,191	277,513	596,171	850,740
Income tax expense	22,522	49,487	116,273	215,928
Net earnings including noncontrolling interest	155,669	228,026	479,898	634,812
Net income attributable to noncontrolling interest	151	1,013	354	2,447
Net earnings attributable to Mohawk Industries, Inc.	\$155,518	227,013	479,544	632,365

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

Basic earnings per share attributable to Mohawk Industries, Inc.	\$2.16	3.03	6.63	8.46
Weighted-average common shares outstanding - basic	72,106	74,603	72,302	74,599

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

Diluted earnings per share attributable to Mohawk Industries, Inc.	\$2.15	3.02	6.61	8.42
Weighted-average common shares outstanding - diluted	72,392	74,945	72,578	74,977

**Other Financial Information**

(Amounts in thousands)

Net cash provided by operating activities	\$411,761	273,498	978,086	894,485
Depreciation and amortization	\$144,920	132,972	422,693	382,673
Capital expenditures	\$124,555	144,594	405,614	642,949

**Condensed Consolidated Balance Sheet  
Data**

(Amounts in thousands)

	September 28, 2019	September 29, 2018
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**ASSETS**

Current assets:		
Cash and cash equivalents	\$111,303	91,351
Receivables, net	1,787,158	1,755,710
Inventories	2,337,952	2,214,295
Prepaid expenses and other current assets	491,367	487,114
<b>Total current assets</b>	<b>4,727,780</b>	<b>4,548,470</b>
Property, plant and equipment, net	4,600,630	4,586,236
Right of use operating lease assets	334,083	-
Goodwill	2,519,214	2,522,139
Intangible assets, net	916,953	944,661
Deferred income taxes and other non-current assets	294,102	399,420
<b>Total assets</b>	<b>\$13,392,762</b>	<b>13,000,926</b>

#### LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Current portion of long-term debt and commercial paper	\$1,273,158	1,333,853
Accounts payable and accrued expenses	1,738,859	1,623,418
Current operating lease liabilities	102,682	-
<b>Total current liabilities</b>	<b>3,114,699</b>	<b>2,957,271</b>
Long-term debt, less current portion	1,483,581	1,528,551
Non-current operating lease liabilities	238,560	-
Deferred income taxes and other long-term liabilities	790,643	912,100
<b>Total liabilities</b>	<b>5,627,483</b>	<b>5,397,922</b>
Redeemable noncontrolling interest	-	31,227
<b>Total stockholders' equity</b>	<b>7,765,279</b>	<b>7,571,777</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$13,392,762</b>	<b>13,000,926</b>

Segment Information	Three Months Ended		As of or for the Nine Months Ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
<i>(Amounts in thousands)</i>				
Net sales:				
Global Ceramic	\$916,422	885,773	2,772,805	2,691,618
Flooring NA	1,001,908	1,047,540	2,907,327	3,055,468
Flooring ROW	600,855	612,487	1,866,028	1,787,930
Intersegment sales	-	-	-	-
<b>Consolidated net sales</b>	<b>\$2,519,185</b>	<b>2,545,800</b>	<b>7,546,160</b>	<b>7,535,016</b>
Operating income (loss):				
Global Ceramic	\$84,410	118,716	286,886	366,893
Flooring NA	80,223	93,369	140,374	268,779
Flooring ROW	84,428	84,108	276,392	273,334
Corporate and intersegment eliminations	(8,841)	(8,949)	(31,242)	(27,056)
<b>Consolidated operating income</b>	<b>\$240,220</b>	<b>287,244</b>	<b>672,410</b>	<b>881,950</b>
Assets:				
Global Ceramic			\$5,385,279	4,999,334

Flooring NA	4,020,205	3,989,784
Flooring ROW	3,736,296	3,709,623
Corporate and intersegment eliminations	250,982	302,185
<b>Consolidated assets</b>	<b>\$13,392,762</b>	<b>13,000,926</b>

**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 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Net earnings attributable to Mohawk Industries, Inc.	\$155,518	227,013	479,544	632,365
Adjusting items:				
Restructuring, acquisition and integration-related and other costs	1,542	19,890	49,877	58,036
Acquisitions purchase accounting, including inventory step-up	-	7,090	3,716	8,638
Impairment of investment in a manufacturer and distributor of Ceramic tile in China [1]	65,172	-	65,172	-
Release of indemnification asset	(659 )	-	(659 )	1,749
Income taxes - reversal of uncertain tax position	659	-	659	(1,749 )
Income taxes	(22,807 )	(7,701 )	(34,660 )	35,465
<b>Adjusted net earnings attributable to Mohawk Industries, Inc.</b>	<b>\$199,425</b>	<b>246,292</b>	<b>563,649</b>	<b>734,504</b>
<b>Adjusted diluted earnings per share attributable to Mohawk Industries, Inc.</b>	<b>\$2.75</b>	<b>3.29</b>	<b>7.77</b>	<b>9.80</b>
<b>Weighted-average common shares outstanding - diluted</b>	<b>72,392</b>	<b>74,945</b>	<b>72,578</b>	<b>74,977</b>

[1] In September, 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 will dramatically decline and Mohawk is taking 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 28, 2019
Current portion of long-term debt and commercial paper	\$1,273,158
Long-term debt, less current portion	1,483,581

Less: Cash and cash equivalents	111,303
<b>Net Debt</b>	<b>\$2,645,436</b>

### Reconciliation of Operating Income to Adjusted EBITDA

(Amounts in thousands)

	Three Months Ended				Trailing Twelve Months Ended
	December 31, 2018	March 30, 2019	June 29, 2019	September 28, 2019	September 28, 2019
Operating income	\$213,376	165,330	266,860	240,220	885,786
Other (Expense)/ Income	(504 )	3,736	3,048	(52,713 )	(46,433 )
Net (income) loss attributable to noncontrolling interest	(704 )	10	(213 )	(151 )	(1,058 )
Depreciation and amortization	139,092	137,291	140,482	144,920	561,785
<b>EBITDA</b>	<b>351,260</b>	<b>306,367</b>	<b>410,177</b>	<b>332,276</b>	<b>1,400,080</b>
Restructuring, acquisition and integration-related and other costs	20,412	39,495	8,840	1,542	70,289
Impairment of investment in a manufacturer and distributor of Ceramic tile in China	-	-	-	65,172	65,172
Acquisitions purchase accounting, including inventory step-up	6,721	2,552	1,164	-	10,437
Release of indemnification asset	2,857	-	-	(659 )	2,198
<b>Adjusted EBITDA</b>	<b>\$381,250</b>	<b>348,414</b>	<b>420,181</b>	<b>398,331</b>	<b>1,548,176</b>
<b>Net Debt to Adjusted EBITDA</b>					<b>1.7</b>

### Reconciliation of Net Sales to Net Sales on a Constant Exchange Rate and on Constant Shipping Days Excluding Acquisition Volume

(Amounts in thousands)

	Three Months Ended		Nine Months Ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Net sales	\$2,519,185	2,545,800	7,546,160	7,535,016
Adjustment to net sales on constant shipping days	(1,332 )	-	37,182	-
Adjustment to net sales on a constant exchange rate	35,215	-	159,570	-
<b>Net sales on a constant exchange rate and constant shipping days</b>	<b>2,553,068</b>	<b>2,545,800</b>	<b>7,742,912</b>	<b>7,535,016</b>
Less: impact of acquisition volume	(70,357 )	-	(325,352 )	-
<b>Net sales on a constant exchange rate and constant shipping days excluding</b>	<b>\$2,482,711</b>	<b>2,545,800</b>	<b>7,417,560</b>	<b>7,535,016</b>

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acquisition volume

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**Reconciliation of Segment Net Sales to Segment Net Sales on a Constant Exchange Rate and on Constant Shipping Days Excluding Acquisition Volume**

*(Amounts in thousands)*

<b>Global Ceramic</b>	Three Months Ended	
	September 28, 2019	September 29, 2018
Net sales	\$916,422	885,773
Adjustment to net sales on constant shipping days	(1,332 )	-
Adjustment to segment net sales on a constant exchange rate	8,364	-
Segment net sales on a constant exchange rate and constant shipping days	923,454	885,773
Less: impact of acquisition volume	(57,369 )	-
Segment net sales on a constant exchange rate and constant shipping days excluding acquisition volume	\$866,085	885,773

**Reconciliation of Segment Net Sales to Segment Net Sales on a Constant Exchange Rate Excluding Acquisition Volume**

*(Amounts in thousands)*

<b>Flooring ROW</b>	Three Months Ended	
	September 28, 2019	September 29, 2018
Net sales	\$600,855	612,487
Adjustment to segment net sales on a constant exchange rate	26,852	-
Segment net sales on a constant exchange rate	627,707	612,487
Less: impact of acquisition volume	(12,988 )	-
Segment net sales on a constant exchange rate excluding acquisition volume	\$614,719	612,487

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

*(Amounts in thousands)*

	Three Months Ended	
	September 28, 2019	September 29, 2018
Selling, general and administrative expenses	\$451,471	433,189
Adjustments to selling, general and administrative expenses:		

Restructuring, acquisition and integration-related and other costs	(2,051 )	(9,688 )
Release of indemnification asset	(246 )	-
Adjusted selling, general and administrative expenses	\$449,174	423,501

### Reconciliation of Operating Income to Adjusted Operating Income

(Amounts in thousands)

	Three Months Ended	
	September 28, 2019	September 29, 2018
Operating income	\$240,220	287,244
Adjustments to operating income:		
Restructuring, acquisition and integration-related and other costs	9,515	19,890
Release of indemnification asset	246	-
Acquisitions purchase accounting, including inventory step-up	-	7,090
Adjusted operating income	\$249,981	314,224

### Reconciliation of Segment Operating Income to Adjusted Segment Operating Income

(Amounts in thousands)

Global Ceramic	Three Months Ended	
	September 28, 2019	September 29, 2018
Operating income	\$84,410	118,716
Adjustments to segment operating income:		
Restructuring, acquisition and integration-related and other costs	1,167	181
Adjusted segment operating income	\$85,577	118,897

### Reconciliation of Segment Operating Income to Adjusted Segment Operating Income

(Amounts in thousands)

Flooring NA	Three Months Ended	
	September 28, 2019	September 29, 2018
Operating income	\$80,223	93,369
Adjustments to segment operating income:		
Restructuring, acquisition and integration-related and other costs	4,095	10,603

Adjusted segment operating income	\$84,318	103,972
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**Reconciliation of Segment Operating Income to Adjusted Segment Operating Income**  
(Amounts in thousands)

Flooring ROW	Three Months Ended	
	September 28, 2019	September 29, 2018
Operating income	\$84,428	84,108
Adjustments to segment operating income:		
Restructuring, acquisition and integration-related and other costs	4,435	5,596
Acquisitions purchase accounting, including inventory step-up	-	7,090
Adjusted segment operating income	\$88,863	96,794

**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 28, 2019	September 29, 2018
Earnings before income taxes	\$178,191	277,513
Noncontrolling interests	(151 )	(1,013 )
Adjustments to earnings including noncontrolling interests before income taxes:		
Restructuring, acquisition and integration-related and other costs	1,542	19,890
Acquisitions purchase accounting, including inventory step-up	-	7,090
Impairment of investment in a manufacturer and distributor of Ceramic tile in China	65,172	-
Release of indemnification asset	(659 )	-
Adjusted earnings including noncontrolling interests before income taxes	\$244,095	303,480

**Reconciliation of Income Tax Expense to Adjusted Income Tax Expense**  
(Amounts in thousands)

	Three Months Ended	
	September 28, 2019	September 29, 2018
Income tax expense	\$22,522	49,487

Income taxes - reversal of uncertain tax position	(659	)	-	
Income tax effect of adjusting items	22,807		7,701	
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Adjusted income tax expense	\$44,670		57,188	
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Adjusted income tax rate	18.3	%	18.8	%
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