

**MOHAWK INDUSTRIES, INC. AND
SUBSIDIARIES**

(Unaudited)

**Condensed Consolidated Statement of
Operations Data**

	Three Months Ended		Six Months Ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
<i>(Amounts in thousands, except per share data)</i>				
Net sales	\$2,049,800	2,584,485	4,335,563	5,026,975
Cost of sales	1,679,833	1,847,867	3,349,156	3,665,430
Gross profit	369,967	736,618	986,407	1,361,545
Selling, general and administrative expenses	430,925	469,758	895,883	929,355
Operating income (loss)	(60,958)	266,860	90,524	432,190
Interest expense	12,956	10,521	21,627	20,994
Other (income) expense, net	1,037	(3,048)	6,716	(6,784)
Earnings (loss) before income taxes	(74,951)	259,387	62,181	417,980
Income tax expense (benefit)	(26,363)	56,733	304	93,751
Net earnings (loss) including noncontrolling interest	(48,588)	202,654	61,877	324,229
Net income (loss) attributable to noncontrolling interest	(331)	213	(380)	203
Net earnings (loss) attributable to Mohawk Industries, Inc.	\$(48,257)	202,441	62,257	324,026

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

Basic earnings (loss) per share attributable to Mohawk Industries, Inc.	\$(0.68)	2.80	0.87	4.50
Weighted-average common shares outstanding - basic	71,186	72,402	71,364	71,970

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

Diluted earnings (loss) per share attributable to Mohawk Industries, Inc.	\$(0.68)	2.79	0.87	4.48
Weighted-average common shares outstanding - diluted	71,186	72,680	71,547	72,250

Other Financial Information

(Amounts in thousands)

Net cash provided by operating activities	\$568,521	396,190	763,495	566,327
Less: Capital expenditures	80,639	144,111	196,271	281,059
Free cash flow	\$487,882	252,079	567,224	285,268
Depreciation and amortization	\$154,094	140,482	299,610	277,773

Condensed Consolidated Balance Sheet Data

(Amounts in thousands)

June 27, June 29,

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$737,712	128,096
Receivables, net	1,586,398	1,819,474
Inventories	1,922,048	2,367,631
Prepaid expenses and other current assets	499,840	493,116
Total current assets	4,745,998	4,808,317
Property, plant and equipment, net	4,434,544	4,714,306
Right of use operating lease assets	318,047	343,716
Goodwill	2,541,906	2,565,702
Intangible assets, net	910,838	950,624
Deferred income taxes and other non-current assets	418,071	423,437
Total assets	\$13,369,404	13,806,102

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Current portion of long-term debt and commercial paper	\$135,350	1,891,512
Accounts payable and accrued expenses	1,618,584	1,713,934
Current operating lease liabilities	118,296	100,345
Total current liabilities	1,872,230	3,705,791
Long-term debt, less current portion	2,573,155	1,169,489
Non-current operating lease liabilities	226,555	249,844
Deferred income taxes and other long-term liabilities	772,600	859,387
Total liabilities	5,444,540	5,984,511
Total stockholders' equity	7,924,864	7,821,591
Total liabilities and stockholders' equity	\$13,369,404	13,806,102

Segment Information

	Three Months Ended		As of or for the Six Months Ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
<i>(Amounts in thousands)</i>				
Net sales:				
Global Ceramic	\$753,335	958,031	1,601,785	1,856,383
Flooring NA	800,088	983,439	1,648,418	1,905,419
Flooring ROW	496,377	643,015	1,085,360	1,265,173
Consolidated net sales	\$2,049,800	2,584,485	4,335,563	5,026,975
Operating income (loss):				
Global Ceramic	\$(33,809)	117,036	14,168	200,266
Flooring NA	(45,484)	62,047	(9,278)	65,242
Flooring ROW	29,478	100,093	105,294	189,083
Corporate and intersegment eliminations	(11,143)	(12,316)	(19,660)	(22,401)
Consolidated operating income (loss) (a)	\$(60,958)	266,860	90,524	432,190
Assets:				
Global Ceramic			\$5,112,084	5,661,364
Flooring NA			3,682,638	4,024,428
Flooring ROW			3,770,581	3,858,264
Corporate and intersegment eliminations			804,101	262,046

Consolidated assets

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\$13,369,404 13,806,102

(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 (Loss) 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		Six Months Ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Net earnings (loss) attributable to Mohawk Industries, Inc.	\$(48,257)	202,441	62,257	324,026
Adjusting items:				
Restructuring, acquisition and integration-related and other costs	100,359	8,840	112,324	48,335
Acquisitions purchase accounting, including inventory step-up	-	1,164	-	3,716
Release of indemnification asset	(23)	-	(58)	-
Income taxes - reversal of uncertain tax position	23	-	58	-
Income taxes	(25,746)	(2,701)	(28,860)	(11,853)
Adjusted net earnings attributable to Mohawk Industries, Inc.	\$26,356	209,744	145,721	364,224
Adjusted diluted earnings per share attributable to Mohawk Industries, Inc.	\$0.37	2.89	2.04	5.04
Weighted-average common shares outstanding - diluted	71,186	72,680	71,547	72,250

Reconciliation of Total Debt to Net Debt

(Amounts in thousands)

	June 27, 2020
Current portion of long-term debt and commercial paper	\$135,350
Long-term debt, less current portion	2,573,155
Less: Cash and cash equivalents	737,712
Net Debt	\$1,970,793

Reconciliation of Operating Income (Loss) to Adjusted EBITDA

(Amounts in thousands)

	Three Months Ended				Trailing Twelve Months Ended
	September	December	March 28,	June 27,	June 27,

	28, 2019	31, 2019	2020	2020	2020
Operating income (loss)	\$240,220	154,814	151,483	(60,958)	485,559
Other (expense) income	(52,713)	9,522	(5,679)	(1,037)	(49,907)
Net (income) loss attributable to noncontrolling interest	(151)	(6)	49	331	223
Depreciation and amortization (1)	144,920	153,759	145,516	154,094	598,289
EBITDA	332,276	318,089	291,369	92,430	1,034,164
Restructuring, acquisition and integration-related and other costs	1,542	49,802	10,376	91,963	153,683
Impairment of net investment in a manufacturer and distributor of Ceramic tile in China	65,172	(5,226)	-	-	59,946
Acquisitions purchase accounting, including inventory step-up	-	222	-	-	222
Release of indemnification asset	(659)	603	(35)	(23)	(114)
Adjusted EBITDA	\$398,331	363,490	301,710	184,370	1,247,901
Net Debt to Adjusted EBITDA					1.6

(1) Includes \$1,589 of non-gaap depreciation in Q1 2020 with \$8,395 in Q2 2020.

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

(Amounts in thousands)

	Three Months Ended		Six Months Ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Net sales	\$2,049,800	2,584,485	4,335,563	5,026,975
Adjustment to net sales on constant shipping days	(508)	-	37,488	-
Adjustment to net sales on a constant exchange rate	40,499	-	74,550	-
Net sales on a constant exchange rate and constant shipping days	\$2,089,791	2,584,485	4,447,601	5,026,975

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

(Amounts in thousands)

Global Ceramic	Three Months Ended	
	June 27, 2020	June 29, 2019
Net sales	\$753,335	958,031
Adjustment to net sales on constant shipping days	(508)	-
Adjustment to segment net sales on a constant exchange rate	23,265	-
Segment net sales on a constant exchange rate and constant shipping days	\$776,092	958,031

Reconciliation of Segment Net Sales to Segment Net Sales on a Constant Exchange Rate*(Amounts in thousands)*

	Three Months Ended	
	June 27, 2020	June 29, 2019
Flooring ROW		
Net sales	\$496,377	643,015
Adjustment to net sales on constant shipping days	-	-
Adjustment to segment net sales on a constant exchange rate	17,234	-
Segment net sales on a constant exchange rate	\$513,611	643,015

Reconciliation of Gross Profit to Adjusted Gross Profit*(Amounts in thousands)*

	Three Months Ended	
	June 27, 2020	June 29, 2019
Gross Profit	\$369,967	736,618
Adjustments to gross profit:		
Restructuring, acquisition and integration-related and other costs	69,478	5,867
Acquisitions purchase accounting, including inventory step-up	-	1,164
Adjusted gross profit	\$439,445	743,649

Reconciliation of Selling, General and Administrative Expenses to Adjusted Selling, General and Administrative Expenses*(Amounts in thousands)*

	Three Months Ended	
	June 27, 2020	June 29, 2019
Selling, general and administrative expenses	\$430,925	469,758
Adjustments to selling, general and administrative expenses:		
Restructuring, acquisition and integration-related and other costs	(27,282)	(3,068)
Adjusted selling, general and administrative expenses	\$403,643	466,690

Reconciliation of Operating Income (Loss) to Adjusted Operating Income*(Amounts in thousands)*

	Three Months Ended	
	June 27, 2020	June 29, 2019
Operating income (loss)	\$(60,958)	266,860
Adjustments to operating income (loss):		
Restructuring, acquisition and integration-related and other costs	96,760	8,935
Acquisitions purchase accounting, including inventory step-up	-	1,164
Adjusted operating income	\$35,802	276,959

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

(Amounts in thousands)

Global Ceramic	Three Months Ended	
	June 27, 2020	June 29, 2019
Operating income (loss)	\$(33,809)	117,036
Adjustments to segment operating income (loss):		
Restructuring, acquisition and integration-related and other costs	37,672	653
Adjusted segment operating income	\$3,863	117,689

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

(Amounts in thousands)

Flooring NA	Three Months Ended	
	June 27, 2020	June 29, 2019
Operating income (loss)	\$(45,484)	62,047
Adjustments to segment operating income (loss):		
Restructuring, acquisition and integration-related and other costs	28,226	3,352
Adjusted segment operating income (loss)	\$(17,258)	65,399

Reconciliation of Segment Operating Income to Adjusted Segment Operating Income

(Amounts in thousands)

Flooring ROW	Three Months Ended	
	June 27, 2020	June 29, 2019
Operating income	\$29,478	100,093
Adjustments to segment operating income:		
Restructuring, acquisition and	29,614	4,412

integration-related and other costs		
Acquisitions purchase accounting, including inventory step-up	-	1,164
Adjusted segment operating income	\$59,092	105,669

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

(Amounts in thousands)

	Three Months Ended	
	June 27, 2020	June 29, 2019
Corporate and intersegment eliminations		
Operating (loss)	\$(11,143)	(12,316)
Adjustments to segment operating (loss):		
Restructuring, acquisition and integration-related and other costs	1,249	519
Adjusted segment operating (loss)	\$(9,894)	(11,797)

Reconciliation of Earnings (Loss) Including Noncontrolling Interests Before Income Taxes to Adjusted Earnings Including Noncontrolling Interests Before Income Taxes

(Amounts in thousands)

	Three Months Ended	
	June 27, 2020	June 29, 2019
Earnings (loss) before income taxes	\$(74,951)	259,387
Noncontrolling interests	331	(213)
Adjustments to earnings including noncontrolling interests before income taxes:		
Restructuring, acquisition and integration-related and other costs	100,359	8,840
Acquisitions purchase accounting, including inventory step-up	-	1,164
Release of indemnification asset	(23)	-
Adjusted earnings including noncontrolling interests before income taxes	\$25,716	269,178

Reconciliation of Income Tax Expense (Benefit) to Adjusted Income Tax Expense (Benefit)

(Amounts in thousands)

	Three Months Ended	
	June 27, 2020	June 29, 2019
Income tax expense (benefit)	\$(26,363)	56,733
Income taxes - reversal of uncertain tax position	(23)	-
Income tax effect of adjusting items	25,746	2,701

Adjusted income tax expense (benefit)	\$(640)	59,434
Adjusted income tax rate	(2.5)%	22.1%