

MOHAWK INDUSTRIES INC  
Form 10-Q  
August 04, 2014  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

[Mark One]

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 28, 2014

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 01-13697

MOHAWK INDUSTRIES, INC.  
(Exact name of registrant as specified in its charter)

Delaware 52-1604305  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

160 S. Industrial Blvd., Calhoun, Georgia 30701  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (706) 629-7721

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

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The number of shares outstanding of the issuer's classes of common stock as of July 28, 2014, the latest practicable date, is as follows: 72,836,431 shares of Common Stock, \$.01 par value.

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## PART I. FINANCIAL INFORMATION

## ITEM I. FINANCIAL STATEMENTS

MOHAWK INDUSTRIES, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except per share data)

(Unaudited)

	June 28, 2014	December 31, 2013
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$70,044	54,066
Receivables, net	1,261,808	1,062,875
Inventories	1,644,768	1,572,325
Prepaid expenses	230,263	204,034
Deferred income taxes	135,259	147,534
Other current assets	36,947	44,884
Total current assets	3,379,089	3,085,718
Property, plant and equipment	5,208,907	4,950,149
Less: accumulated depreciation	2,378,705	2,248,406
Property, plant and equipment, net	2,830,202	2,701,743
Goodwill	1,730,713	1,736,092
Tradenames	694,350	700,592
Other intangible assets subject to amortization, net	97,910	111,010
Deferred income taxes and other non-current assets	149,417	159,022
	\$8,881,681	8,494,177
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Current portion of long-term debt and commercial paper	\$619,229	127,218
Accounts payable and accrued expenses	1,253,291	1,193,593
Total current liabilities	1,872,520	1,320,811
Deferred income taxes	409,332	445,823
Long-term debt, less current portion	1,807,609	2,132,790
Other long-term liabilities	118,920	124,447
Total liabilities	4,208,381	4,023,871
Commitments and contingencies (Notes 9 and 15)		
Stockholders' equity:		
Preferred stock, \$.01 par value; 60 shares authorized; no shares issued	—	—
Common stock, \$.01 par value; 150,000 shares authorized; 80,991 and 80,841 shares issued in 2014 and 2013, respectively	810	808
Additional paid-in capital	1,580,010	1,566,985
Retained earnings	3,187,640	2,953,809
Accumulated other comprehensive income, net	135,379	178,689
	4,903,839	4,700,291
Less treasury stock at cost; 8,155 shares in 2014 and 2013	239,230	239,234
Total Mohawk Industries, Inc. stockholders' equity	4,664,609	4,461,057
Noncontrolling interest	8,691	9,249
Total stockholders' equity	4,673,300	4,470,306

\$8,881,681

8,494,177

See accompanying notes to condensed consolidated financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

(Unaudited)

	Three Months Ended		Six Months Ended	
	June 28, 2014	June 29, 2013	June 28, 2014	June 29, 2013
Net sales	\$2,048,247	1,976,299	3,861,342	3,463,114
Cost of sales	1,473,435	1,462,243	2,805,175	2,571,992
Gross profit	574,812	514,056	1,056,167	891,122
Selling, general and administrative expenses	352,564	380,858	703,184	671,082
Operating income	222,248	133,198	352,983	220,040
Interest expense	20,702	25,312	42,798	44,468
Other (income) expense	(1,555	) (1,097	) 3,335	5,290
Earnings from continuing operations before income taxes	203,101	108,983	306,850	170,282