

MOHAWK INDUSTRIES INC  
Form 10-Q  
August 07, 2015  
Table of Contents

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 July 4, 2015

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

Edgar Filing: MOHAWK INDUSTRIES INC - Form 10-Q

The number of shares outstanding of the issuer's common stock as of July 29, 2015, the latest practicable date, is as follows: 73,913,457 shares of common stock, \$.01 par value.

---

Table of Contents

MOHAWK INDUSTRIES, INC.  
INDEX

	Page No
Part I. <u>FINANCIAL INFORMATION</u>	
Item 1. <u>Financial Statements (unaudited)</u>	
<u>Condensed Consolidated Balance Sheets</u> as of July 4, 2015 and December 31, 2014	3
<u>Condensed Consolidated Statements of Operations</u> for the three and six months ended July 4, 2015 and June 28, 2014	4
<u>Condensed Consolidated Statements of Comprehensive Income (Loss)</u> for the three and six months ended July 4, 2015 and June 28, 2014	5
<u>Condensed Consolidated Statements of Cash Flows</u> for the six months ended July 4, 2015 and June 28, 2014	6
<u>Notes to Condensed Consolidated Financial Statements</u>	7
Item 2. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	22
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	31
Item 4. <u>Controls and Procedures</u>	31
Part II. <u>OTHER INFORMATION</u>	
Item 1. <u>Legal Proceedings</u>	32
Item 1A. <u>Risk Factors</u>	33
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	33
Item 3. <u>Defaults Upon Senior Securities</u>	33
Item 4. <u>Mine Safety Disclosures</u>	33
Item 5. <u>Other Information</u>	33
Item 6. <u>Exhibits</u>	34

Table of Contents

## PART I. FINANCIAL INFORMATION

## ITEM I. FINANCIAL STATEMENTS

MOHAWK INDUSTRIES, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except per share data)

(Unaudited)

	July 4, 2015	December 31, 2014
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 171,087	97,877
Receivables, net	1,387,687	1,081,963
Inventories	1,592,403	1,543,313
Prepaid expenses	263,477	225,759
Deferred income taxes	153,574	151,784
Other current assets	40,394	31,574
Total current assets	3,608,622	3,132,270
Property, plant and equipment	5,526,290	5,130,213
Less: accumulated depreciation	2,511,539	2,427,003
Property, plant and equipment, net	3,014,751	2,703,210
Goodwill	2,294,214	1,604,352
Tradenames	644,896	622,691
Other intangible assets subject to amortization, net	286,400	79,318
Deferred income taxes and other non-current assets	316,787	143,703
	\$ 10,165,670	8,285,544
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Current portion of long-term debt and commercial paper	\$ 1,698,044	851,305
Accounts payable and accrued expenses	1,303,487	1,104,509
Total current liabilities	3,001,531	1,955,814
Deferred income taxes	518,065	401,674
Long-term debt, less current portion	1,777,828	1,402,135
Other long-term liabilities	232,060	103,108
Total liabilities	5,529,484	3,862,731
Commitments and contingencies (Note 13)		
Redeemable noncontrolling interest	21,304	—
Stockholders' equity:		
Preferred stock, \$.01 par value; 60 shares authorized; no shares issued	—	—
Common stock, \$.01 par value; 150,000 shares authorized; 81,265 and 81,070 shares issued in 2015 and 2014, respectively	821	811
Additional paid-in capital	1,752,512	1,598,887
Retained earnings	3,696,272	3,487,079
Accumulated other comprehensive loss	(625,572)	(429,321)
	4,824,033	4,657,456
Less treasury stock at cost; 7,351 and 8,157 shares in 2015 and 2014, respectively	215,799	239,450
Total Mohawk Industries, Inc. stockholders' equity	4,608,234	4,418,006
Nonredeemable noncontrolling interest	6,648	4,807

Edgar Filing: MOHAWK INDUSTRIES INC - Form 10-Q

Total stockholders' equity	4,614,882	4,422,813
	\$10,165,670	8,285,544

See accompanying notes to condensed consolidated financial statements.

3

---

Table of ContentsMOHAWK INDUSTRIES, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

(Unaudited)

	Three Months Ended		Six Months Ended	
	July 4, 2015	June 28, 2014	July 4, 2015	June 28, 2014
Net sales	\$2,041,733	2,048,247	3,922,910	3,861,342
Cost of sales	1,426,604	1,473,435	2,795,838	2,805,175
Gross profit	615,129	574,812	1,127,072	1,056,167
Selling, general and administrative expenses	359,313	352,564	827,482	703,184
Operating income	255,816	222,248	299,590	352,983
Interest expense	16,838	20,702	33,287	42,798
Other (income) expense, net	2,928	(1,555)	) 1,845	3,335
Earnings from continuing operations before income taxes	236,050	203,101		