# UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549 

## FORM 8-K

## CURRENT REPORT <br> Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 <br> Date of Report (Date of earliest event reported): October 19, 2005

## MOHAWK INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

| Delaware <br> (State or Other <br> Jurisdiction of <br> Incorporation) | $\mathbf{0 1 - 1 9 8 2 6}$ <br> (Commission File <br> Number) | $\mathbf{5 2 - 1 6 0 4 3 0 5}$ <br> (IRS Employer <br> Identification No.) |
| :---: | :---: | :---: |
| 160 South Industrial Blvd., Calhoun, Georgia |  |  |
| (Address of Principal Executive Offices) | $\mathbf{3 0 7 0 1}$ |  |
| (Zip Code) |  |  |

Registrant's telephone number, including area code (706) 629-7721
(Former Name or Former Address, if Changed Since Last Report)

[^0]Item 2.02 Results of Operations and Financial Condition.
On October 19, 2005, Mohawk Industries, Inc. issued a press release announcing its third quarter financial results. A copy of the press release is attached hereto and hereby incorporated by reference as Exhibit 99.1.

Item 9.01. Financial Statements and Exhibits.
(c) Exhibits
99.1 Press release dated October 19, 2005.

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Mohawk Industries, Inc.
Date: October 20, 2005
By: Is/ MICHEL S. VERMETTE
Michel S. Vermette
V.P. \& Corporate Controller

## Exhibit

99.1. Press release dated October 19, 2005.

For Release: Immediately

Contact: Frank H. Boykin, Chief Financial Officer

## MOHAWK INDUSTRIES, INC. ANNOUNCES

## THIRD QUARTER RESULTS

Calhoun, Georgia, October 19, 2005 - Mohawk Industries, Inc. (NYSE:MHK) today announced net sales for the third quarter of 2005 increased $11 \%$ to $\$ 1,697,634,000$ from $\$ 1,529,651,000$ for the third quarter of 2004. Diluted earnings per share (EPS) and net earnings for the third quarter of 2005 were $\$ 1.61$ ( $4 \%$ below last year) and $\$ 108,652,000$ ( $4 \%$ below last year), respectively. This compares to EPS and net earnings of $\$ 1.67$ and $\$ 112,687,000$, respectively, for the third quarter of 2004. The third quarter results were impacted by higher raw material costs, increasing energy costs and additional ceramic tile introductions that were shifted from the second to the third quarter partially offset by higher sales volume. The sales increase was due to higher sales volume in both the Mohawk and Dal-Tile segments as well as price increases. In the third quarter of 2005, the Mohawk segment net sales of $\$ 1,248,216,000$ increased $11 \%$ from $\$ 1,129,422,000$ and the Dal-Tile segment net sales of $\$ 449,418,000$ grew $12 \%$ from $\$ 400,229,000$. The growth in both segments resulted from unit growth and price increases.

EPS for the first nine months of 2005 was $\$ 4.03$ ( $2 \%$ above last year) and net earnings were $\$ 272,483,000(2 \%$ above last year) compared to $\$ 3.94$ EPS and $\$ 266,152,000$ in net earnings for the first nine months of 2004. This increase in EPS and earnings is attributable to sales growth, partially offset by higher raw material and energy costs. Net sales for the first nine months of 2005 were $\$ 4,815,548,000$, representing a $9 \%$ increase from 2004 sales of $\$ 4,405,273,000$. The sales increase resulted from volume growth and price increases.

In commenting on the third quarter results, Jeffrey S. Lorberbaum, Chairman and CEO, stated, "The effect of both Hurricanes Katrina and Rita has reduced our results in the third quarter as we previously reported. As our raw material supply chain has begun to bring production capacity back on line, we are seeing cost increases and some supply disruptions. Additionally, natural gas, diesel fuel, and gasoline prices have substantially increased in the quarter. As disclosed earlier, Mohawk implemented carpet price increases of between $5 \%$ to $8 \%$ in early October and also increased hard surface prices. In addition, Mohawk announced another carpet price increase of similar size to be implemented in mid-November to offset the continuing cost increases.
"The petrochemical industry on the Gulf Coast continues to struggle with the aftermath of the storms. We expect to see continued high costs and some supply limitations until these issues are resolved. Given the present conditions, we believe we will be able to maintain reasonable service levels as we manage the business with lower inventory. Although it is difficult for both Mohawk and our customers to adapt to these rapidly increasing costs, I believe we both will be successful in passing these to the end consumer. The industry will benefit as the Gulf Coast is being rebuilt over the next few years.
"The Mohawk segment grew $11 \%$ in sales with new residential construction and commercial channels continuing to out pace the residential replacement business. During the latter part of the quarter, we saw carpet purchases and shipments increase ahead of our price increase. Price increases continue to lag the rapidly rising costs for energy and raw materials. Lower consumer confidence and the impact of the storms on gas and energy costs could influence spending in the future. The Dal-Tile segment continues to perform well with sales growing at $12 \%$ from the previous year. The segment was impacted by higher energy, transportation and product introductions in the third quarter. The expansion of our ceramic manufacturing operations in Mexico and Oklahoma is on track for completion.
"The acquisition of Unilin is scheduled to close in the fourth quarter of this year. As previously reported, we have determined to permanently finance the transaction with debt. We are currently evaluating the appropriate combination of prepayable and term debt. The acquisition is not expected to have a significant impact on the fourth quarter before any one-time non-cash purchase accounting charges. Our outside advisors are reviewing these charges and the intangible asset amortization amounts as required under the purchase accounting rules. The Unilin acquisition will be another transformational event for our company making Mohawk a leader in the fast growing U.S. laminate market.
"Our economy continues to show strength but the short term impact of the Gulf Coast storms on energy and the petrochemical industry has created uncertainty and higher costs. Additionally, consumer confidence and interest rates could impact the economy. Unforeseen changes in our supply chain may affect our results. Based on these factors, our fourth quarter earnings forecast is from $\$ 1.49$ to $\$ 1.58$."

Certain of the statements in the immediately preceding paragraphs, particularly anticipating future performance, business prospects, growth and operating strategies, proposed acquisitions, and similar matters, and those that include the words "believes," "anticipates," "forecast," "estimates," or similar expressions constitute "forward-looking statements." For those statements, Mohawk claims the protection of the safe harbor for forwardlooking statements contained in the Private Securities Litigation Reform Act of 1995. There can be no assurance that the forward-looking statements will be accurate because they are based on many assumptions which involve risks and uncertainties. The following important factors could cause future results to differ: changes in economic or industry conditions; competition; raw material and energy prices; timing and level of capital expenditures; integration of acquisitions; introduction of new products; rationalization of operations; litigation; and other risks identified in Mohawk's SEC reports and public announcements.

Mohawk is a leading supplier of flooring for both residential and commercial applications. Mohawk offers a complete selection of broadloom carpet, ceramic tile, laminate, wood, stone, vinyl, rugs and other home products. These products are marketed under the premier brands in the industry, which include Mohawk, Karastan, Ralph Lauren, Lees, Bigelow, Dal-Tile and American Olean. Mohawk's unique merchandising and marketing assist our customers in creating the consumers' dream. Mohawk provides a premium level of service with its own trucking fleet and over 250 local distribution locations.

There will be a conference call Thursday October 20, 2005 at 11:00 AM Eastern Time.
The telephone number to call is 1-800-603-9255 for US/local and 706-634-2294 for international calls. A conference call replay will also be available until Thursday, October 27, 2005 by dialing 1-800-642-1687 for US/local calls and (706) 645-9291 for international calls and entering Conference ID \# 1485856.

## MOHAWK INDUSTRIES, INC. AND SUBSIDIARIES

| Consolidated Statement of Earnings Data (Amounts in thousands, except per share data) | Three Months Ended |  |  | Nine Months Ended |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | October 1, 2005 | October 2, 2004 | October 1, 2005 | October 2, 2004 |
| Net sales | \$ | 1,697,634 | 1,529,651 | 4,815,548 | 4,405,273 |
| Cost of sales |  | 1,245,766 | 1,093,598 | 3,547,469 | 3,200,355 |
| Gross profit |  | 451,868 | 436,053 | 1,268,079 | 1,204,918 |
| Selling, general and administrative expenses |  | 274,052 | 242,995 | 806,144 | 742,148 |
| Operating income |  | 177,816 | 193,058 | 461,935 | 462,770 |
| Interest expense |  | 10,775 | 13,918 | 35,166 | 41,084 |
| Other (income) expense, net |  | (400) | 2,467 | 2,526 | 4,880 |
| Earnings before income taxes |  | 167,441 | 176,673 | 424,243 | 416,806 |
| Income taxes |  | 58,789 | 63,986 | 151,760 | 150,654 |
| Net earnings | \$ | 108,652 | 112,687 | 272,483 | 266,152 |
| Basic earnings per share | \$ | 1.62 | 1.69 | 4.08 | 3.99 |
| Weighted-average shares outstanding |  | 66,865 | 66,669 | 66,827 | 66,680 |
| Diluted earnings per share | \$ | 1.61 | 1.67 | 4.03 | 3.94 |
| Weighted-average common and dilutive potential common shares outstanding |  | 67,519 | 67,468 | 67,572 | 67,544 |

## Other Financial Information

(Amounts in thousands)

| Net cash provided by operating activities | $\$$ | 173,253 | 138,356 | 328,033 | 196,038 |
| :--- | ---: | ---: | ---: | ---: | ---: |
| Depreciation \& amortization | $\$$ | 31,138 | 31,964 | 94,900 | 93,074 |
| Capital expenditures | $\$$ | 51,448 | 31,708 | 150,801 | 70,382 |

## Consolidated Balance Sheet Data

## (Amounts in thousands)

October 1, 2005 October 2, 2004

## ASSETS

Current assets:

| Receivables | $\$$ | 811,628 | 718,006 |
| :--- | ---: | ---: | ---: |
| Inventories | $1,089,970$ | $1,000,802$ |  |
| Prepaid expenses | 44,160 | 40,993 |  |
| Deferred income taxes | 55,311 | 84,260 |  |
| Total current assets | $2,001,069$ | $1,844,061$ |  |
| Property, plant and equipment, net | 995,204 | 898,824 |  |
| Goodwill | $1,378,849$ | $1,377,881$ |  |
| Other assets | 332,652 | 338,404 |  |
|  | $\$$ | $4,707,774$ | $4,459,170$ |

## LIABILITIES AND STOCKHOLDERS' EQUITY

| Current liabilities: |  |  |
| :--- | ---: | ---: |
| Current portion of long-term debt | 68,679 | 207,315 |
| Accounts payable and accrued expenses | 776,199 | 779,080 |
| Total current liabilities | 844,878 | 986,395 |
| Long-term debt, less current portion | 700,000 | 700,009 |
| Deferred income taxes and other long- <br> term liabilities | 221,134 | 213,668 |
| Total liabilities | $1,766,012$ | $1,900,072$ |
| Total stockholders' equity | $2,941,762$ | $2,559,098$ |

## Segment Information

(Amounts in thousands)

| As of or for the Three Months Ended |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: |
| October 1, 2005 | October 2, 2004 |  | As of or for the Nine Months Ended |  |

Net sales:

| Mohawk | $\$$ | $1,248,216$ | $1,129,422$ | $3,524,477$ | $3,265,357$ |
| :--- | ---: | ---: | ---: | ---: | ---: |
| Dal-Tile |  | 449,418 | 400,229 | $1,291,071$ | $1,139,916$ |
| Consolidated net sales | $\$$ | $1,697,634$ | $1,529,651$ | $4,815,548$ | $4,405,273$ |

Operating income:

| Mohawk | $\$$ | 110,854 | 131,361 | 272,222 | 300,183 |
| :--- | :---: | :---: | :---: | :---: | ---: |
| Dal-Tile |  | 69,137 | 62,750 | 196,898 | 168,047 |
| Corporate and eliminations | $(2,175)$ | $(1,053)$ | $(7,185)$ | $(5,460)$ |  |
| Consolidated operating income | $\$$ | 177,816 | 193,058 | 461,935 | 462,770 |

Assets:

| Mohawk | $\$$ | $2,482,741$ | $2,304,347$ |
| :--- | ---: | ---: | ---: |
| Dal-Tile |  | $2,174,055$ | $2,072,761$ |
| Corporate and eliminations | 50,978 | 82,062 |  |
| Consolidated assets | $\$$ | $4,707,774$ | $4,459,170$ |


[^0]:    Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):Written communication pursuant to Rule 425 under Securities Act (17 CFR 230.425)Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act CFR 240.14d-2(b))Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act CFR 240.17R 240.13e-4(c))

