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

# FORM 8-K

# CURRENT REPORT Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 26, 2018

# MOHAWK INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

01-13697

52-1604305

**Delaware** 

(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)
<b>160 South Industrial Blvd</b> (Address of Principal Ex	G	<b>30701</b> (Zip Code)
Registrant's	s telephone number, including area code (706) 62	9-7721
(Former N	ame or Former Address, if Changed Since Last R	eport)
Check the appropriate box below if the Form 8-K f following provisions ( <i>see</i> General Instruction A.2. below	-	ng obligation of the registrant under any of the
<ul> <li>□ Written communication pursuant to Rule 425 under 5</li> <li>□ Soliciting material pursuant to Rule 14a-12 under the</li> <li>□ Pre-commencement communications pursuant to Rule</li> <li>□ Pre-commencement communications pursuant to Rule</li> </ul>	e Exchange Act (17 CFR 240.14a-12) le 14d-2(b) under the Exchange Act CFR 240.14d	· //
Indicate by check mark whether the registrant is an emergor Rule 12b-2 of the Securities Exchange Act of 1934 (§2)		he Securities Act of 1933 (§230.405 of this chapter)
Emerging growth company □		

## Item 2.02 Results of Operations and Financial Condition.

The following information, including the Exhibit attached hereto, is being furnished pursuant to this Item 2.02 and shall not be deemed "filed" for purpose of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

On April 26, 2018, Mohawk Industries, Inc., issued a press release announcing its first 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.

(d) Exhibits

99.1 Press release dated April 26, 2018.

# **SIGNATURES**

rsuant 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
eunto duly authorized.
Mohawk Industries, Inc.

By:

/s/ James F. Brunk

James F. Brunk V.P. & Corporate Controller

Date: April 26, 2018

# **INDEX TO EXHIBITS**

**Exhibit** 

99.1 <u>Press release dated April 26, 2018</u>

# **NEWS RELEASE**

For Release: Immediately

Contact: Frank H. Boykin, Chief Financial Officer (706) 624-2695

# **MOHAWK INDUSTRIES REPORTS Q1 RESULTS**

Calhoun, Georgia, April 26, 2018 - Mohawk Industries, Inc. (NYSE: MHK) today announced 2018 first quarter net earnings of \$209 million and diluted earnings per share (EPS) of \$2.78. Adjusted net earnings were \$225 million and EPS was \$3.01, excluding restructuring, acquisition and other charges, an 11% increase over last year. Net sales for the first quarter of 2018 were \$2.4 billion, up 9% in the quarter and 4% on a constant currency basis. For the first quarter of 2017, net sales were \$2.2 billion, net earnings were \$201 million and EPS was \$2.68; adjusted net earnings were \$203 million and EPS was \$2.72, excluding restructuring, acquisition and other charges.

Commenting on Mohawk Industries' first quarter performance, Jeffrey S. Lorberbaum, Chairman and CEO, stated, "Mohawk is benefiting from its diverse geographical footprint and product portfolio. Our performance in the first quarter accentuated this strength as we realized significant growth in LVT in our largest markets and sales and profits grew strongly in our ceramic business outside the U.S. We are leveraging our global organization's strength to initiate manufacturing in new markets and extend our development of innovative products. Our global decentralized structure enables us to simultaneously manage numerous internal investments while also executing new acquisitions.

"For the quarter, our operating income grew at a greater rate when adjusted for the loss of income from expired patents and higher start-up costs of new facilities and sales initiatives. In the first quarter, material and freight inflation increased more than we anticipated and impacted our costs. We are initiating

selective pricing actions by product and region that, combined with improving mix and cost reductions, will offset expected inflation.

"For the quarter, our Global Ceramic Segment sales increased 12% as reported and 8% on a constant currency basis. Our sales in Russia and Mexico grew the fastest, and our European acquisitions added approximately 6% to our sales. Operating margin was approximately 13% both as reported and on an adjusted basis, decreasing year over year due to inflation, product mix and start-up cost. First quarter segment sales sequentially improved, and we anticipate increased growth throughout the balance of the year, supported by greater capacity and new product introductions. We are implementing sales actions to increase our customer base and market share in both the residential and commercial sectors. In the U.S., we are launching innovative slip resistant tile, introducing higher styled designs in all price points and marketing ceramic's durability and ease of care to consumers. Our new service centers and countertop distribution are ramping up and will enhance our results as sales increase. The building for our new quartz plant is nearing completion, and equipment installation should begin this quarter. In Mexico, the increased capacity and new capabilities of our Salamanca plant are allowing us to expand our customer base domestically and grow exports to Central and South America. In Europe, our product mix is improving as we capture a larger share of the premium market, and our new product launches increase our average price. Our two acquisitions in Italy and Poland are progressing as planned as we integrate their operations and expand their product offering. In Russia, we continue to grow our leading market position in a challenging economic environment.

"During the quarter, our Flooring North America Segment's sales increased 1%. The segment's operating margin was 8% as reported, absorbing increased inflation, restructuring and LVT start-up costs. On an adjusted basis, the operating margin was approximately 10% including the higher inflation and start-up costs. Our residential carpet sales increased during the quarter, led by the retail replacement channel. Our sales benefited from the strength of our innovative products, including super soft SmartStrand Silk Reserve, luxury Karastan collections, patented Continuum polyester offerings and

propriety, hypoallergenic Air.o unified soft flooring. In the first quarter, we implemented the carpet price increase we announced last fall. In addition, our raw material and freight costs escalated more than we anticipated, and we announced another carpet price increase of 6% to 7% to cover. We have realigned our commercial sales structure, so that we can provide greater expertise with complete flooring solutions for each end-use market. LVT sales continue to expand in both residential and commercial. To support our increasing manufacturing capabilities, we are expanding our collections of both flexible and rigid LVT. Our new laminate production line is working well and has unique capabilities to make products indistinguishable from natural wood with superior visuals and performance. Our revolutionary RevWood Plus, a new water-proof wood product, is rapidly gaining acceptance with longer planks and contemporary finishes. Our investments in new technologies and hundreds of productivity projects are enhancing our service levels, quality and cost structures.

"For the quarter, our Flooring Rest of the World Segment's sales increased 18% as reported and 4% on a constant currency basis, as local economies improved and the Euro strengthened. As reported, our operating income increased 17% as a result of improved price and mix, productivity and the strengthening Euro, overcoming inflation, start-up costs and expired patents. On an adjusted basis, the operating margin was approximately 16%, a slight improvement even with higher start-up costs and lower patent income. We are starting new LVT and laminate production in Belgium, and we are launching new carpet tile and rigid LVT products. The price increases we implemented last fall are covering raw material increases from 2017, and we are selectively increasing prices to offset further inflation. LVT in Europe is growing in acceptance, and we are the market leader. Our new LVT production line is ramping up, and we are expanding our product offering to fully utilize its capacity. Our sheet vinyl assets in Europe are running at capacity, and we are seeding the Russian market to build demand for our new plant, which should initiate production by the end of this year. To expand our sales across Europe, we are assembling an experienced commercial sales force for our LVT, sheet vinyl and carpet tile. Our laminate business continues to perform well, and we lead the premium market in realistic design and water-resistant

products. Our new laminate press is operating, and we are introducing additional premium products to extend our market leadership. Our wood panel sales are performing well as a result of investments that expanded capacity and improved our costs. Our insulation business is recovering as raw material supply increases and costs moderate.

"Around the globe, we are starting up a number of large investments that will significantly enhance our long-term results by expanding existing sales, adding product categories and entering new markets. Many of these operations are currently initiating new production, including Mexican, Italian and Russian ceramic; U.S. and European premium laminate; U.S. and European LVT; Italian porcelain slabs; and European carpet tile. In addition, by the end of this year, we anticipate commencing production of quartz countertops in the U.S. and sheet vinyl in Russia, as well as expanding polyester carpet in the U.S.; ceramic tile in Poland; and laminate and ceramic wall tile in Russia. We anticipate finalizing the acquisition of Godfrey Hirst as early as the end of May, adding the largest flooring producer in Australia and New Zealand to our global portfolio. To prepare for the integration, we are assessing the sales, product and raw material strategies for both companies to optimize performance.

"As anticipated this year, we will have a non-recurring reduction of operating income of \$70-75 million, comprised of \$30-35 million from higher start-up costs and \$40 million from patents that expired in 2017. In 2018, incremental depreciation of \$75 million will curtail our operating margins until our sales reach a level to fully absorb these investments. Changes in the U.S. tax law will reduce our adjusted tax rate from 26% last year to an estimated 21% this year. Taking all of this into account, our EPS guidance for the second quarter is \$3.89 to \$3.98, excluding any one-time charges.

"During the balance of 2018, our sales growth should improve as we increase the use of our new production, introduce additional products and complete the acquisition of Godfrey Hirst. This year, the Godfrey Hirst acquisition is estimated to increase revenue by \$180 million and EPS by \$0.25. In the third quarter, higher prices, mix and productivity should increase our adjusted operating income above last year, even with a lower operating margin. In the fourth quarter, our adjusted operating income and margin

should exceed 2017, as the impact from start-ups and patents decline. Next year, with higher utilization and lower start-up costs, we will see further enhancements of our sales and profitability. With the strength of our organization, we can execute additional acquisitions if appropriate risk and return can be achieved."

## **ABOUT MOHAWK INDUSTRIES**

Mohawk Industries is the leading global flooring manufacturer that creates products to enhance residential and commercial spaces around the world. Mohawk's vertically integrated manufacturing and distribution processes provide competitive advantages in the production of carpet, rugs, ceramic tile, laminate, wood, stone and vinyl flooring. Our industry-leading innovation has yielded products and technologies that differentiate our brands in the marketplace and satisfy all remodeling and new construction requirements. Our brands are among the most recognized in the industry and include American Olean, Daltile, Durkan, IVC, Karastan, Marazzi, Mohawk, Mohawk Group, Pergo, Quick-Step and Unilin. During the past decade, Mohawk has transformed its business from an American carpet manufacturer into the world's largest flooring company with operations in Australia, Brazil, Canada, Europe, India, Malaysia, Mexico, New Zealand, Russia and the United States.

Certain of the statements in the immediately preceding paragraphs, particularly anticipating future performance, business prospects, growth and operating strategies and similar matters and those that include the words "could," "should," "believes," "anticipates," "expects," and "estimates," or similar expressions constitute "forward-looking statements." For those statements, Mohawk claims the protection of the safe harbor for forward-looking 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; inflation and deflation in raw material prices and other input costs; inflation and deflation in consumer markets; energy costs and supply; timing and level of capital expenditures; timing and implementation of price increases

for the Company's products; impairment charges; integration of acquisitions; international operations; introduction of new products; rationalization of operations; taxes and tax reform, product and other claims; litigation; and other risks identified in Mohawk's SEC reports and public announcements.

# Conference call Friday, April 27, 2018, at 11:00 AM Eastern Time

The telephone number is 1-800-603-9255 for US/Canada and 1-706-634-2294 for International/Local. Conference ID # 6659539. A replay will be available until May 27, 2018, by dialing 1-855-859-2056 for US/local calls and 1-404-537-3406 for International/Local calls and entering Conference ID # 6659539.

## MOHAWK INDUSTRIES, INC. AND SUBSIDIARIES

#### (Unaudited)

Consolidated Statement of Operations Data		Quarter Ended		
Amounts in thousands, except per share data)		March 31, 2018		
Net sales	\$	2,412,202	2,220,645	
Cost of sales		1,707,510	1,540,292	
Gross profit		704,692	680,353	
Selling, general and administrative expenses		436,293	405,569	
Operating income		268,399	274,784	
Interest expense		7,528	8,202	
Other expense (income), net		3,998	(2,832)	
Earnings before income taxes		256,873	269,414	
Income tax expense		47,632	68,358	
Net earnings including noncontrolling interest		209,241	201,056	
Net income attributable to noncontrolling interest		475	502	
Net earnings attributable to Mohawk Industries, Inc.	\$	208,766	200,554	
Basic earnings per share attributable to Mohawk Industries, Inc.				
Basic earnings per share attributable to Mohawk Industries, Inc.	\$	2.80	2.70	
Weighted-average common shares outstanding - basic		74,453	74,212	
Diluted earnings per share attributable to Mohawk Industries, Inc.				
Diluted earnings per share attributable to Mohawk Industries, Inc.	\$	2.78	2.68	
Weighted-average common shares outstanding - diluted		74,929	74,754	
Other Financial Information				
(Amounts in thousands)				
Depreciation and amortization	\$	122,654	105,024	
Capital expenditures	\$	250,936	201,270	

## **Consolidated Balance Sheet Data**

(Amounts in thousands)

	(Amounts in thousands)	 March 31,	2018	April 1, 2017	
Calcal and calca equalses         \$ 114.04         10.05         10.05           Receivable, on         1.00.05         1.00.0	ASSETS				
	Current assets:				
Intention         2,044,02         1,040,00           Peptide copease and other current seets         4,72,22         30,70           Togal current seets         4,60,70         3,00,50           Cocked!         4,60,00         3,00,50           Cocked!         3,00,50         30,50           Cocked cornect accordance of the processor accordance seed of the processor accordance seed of the processor accordance acco	Cash and cash equivalents	\$		188,436	
Perpetit degree and other control assets         4,73,23         30.75           Tool control assets         4,970,33         30.98           Good Line         4,271,26         2,231,26         2,231,26           Good Line         3,983,26         3,232,20         2,232,20         2,232,20           Control assets         3,983,20         3,25	Receivables, net		1,689,912	1,497,908	
Total camera resears         4,37,038         3,34,361           Kropeny, Jank and equipment, net         4,60,792         3,03,61           Genshell         3,03,61         3,03,51           Genshell         3,03,63         38,56           Bellevel alsone bases and deen one-cameral assets         3,03,67         30,75           Total aware         5,12,60,72         1,07,75           TOTAL INTENTANTOTICINIES' EQUITY           Corners Backlitis         1,03,5391         1,03,79           Accounts protion of long-term debt and commercial paper         8,133,107         1,09,79           Accounts protion of long-term debt and commercial paper         1,03,5391         1,03,79           Accounts protion of long-term debt and commercial paper         1,03,5391         1,03,29           Accounts protion of long-term debt and commercial paper         1,03,5391         1,03,29           Accounts protion of long-term debt and commercial paper         1,03,5391         1,03,29           Accounts protein of long-term debt and commercial paper         1,03,5391         1,03,29           Accounts and debt neglect papers         1,03,5391         1,03,29           Total labellities         3,03,69         1,02,25           Total labellities and successful papers         2,03,29         1,02,25			2,044,962	1,740,880	
Property plant and equipment me         4,00,03         3,00,11           Genetic	Prepaid expenses and other current assets		447,322	307,758	
General Internation season and International Internation	Total current assets		4,297,039	3,734,982	
Boundable asses, and conceitance and c	Property, plant and equipment, net		4,460,793	3,506,154	
Defend intoma acts and other non-current seeds         38,935         38,755           Total sees         \$ 1,56,572         18,725           LISH LITEKANS PROCKHOLDER'S CURTY         Total seed in Section of long-semidate and commercial paper         \$ 1,513,175         1,333,23           Commercial fabilities         4,63,933         1,333,23			2,512,615	2,293,107	
Total assets         \$ 1,256,372         10,727.57           LIBELITIES AND STOCKHUERS' EQUITY           Corners labilities         \$ 1,331,917         1,497.98           Carcent portion of long-serm debt and commercial paper         \$ 1,463,93         1,330.3           Total current idebtifies         2,755.01         2,823.3           Long-serem debt, less current portion         1,856,61         1,310.2           Engerem debt, less current portion         80,197         67.78           Total culturent idebtifies         80,197         67.78           Total labilities and solveholder'equity         80,20         78.99           Pooleration in the country in the country in the culturent idebtifies         80,20         78.9	Intangible assets, net		899,989	835,761	
Content portion of long-term delts and commercial paper   \$ 1,331,317   1,497,01     Content portion of long-term delts and commercial paper   \$ 1,460,93   1,303,01     Content portion of long-term delts and commercial paper   \$ 1,460,93   1,303,01     Content portion of long-term delts and commercial paper   \$ 1,460,93   1,303,01     Consider and commercial paper   \$ 1,805,61   1,302,01     Consider and commercial paper   \$ 1,805,61   1,302,01     Consider and commercial paper   \$ 1,805,61   1,302,01     Content facing and confidency term inhabilities   \$ 1,803,40   4,634,40     Consideration concorrolling interest   \$ 30,93   4,242,40     Consideration concorrolling interest   \$ 3,432,40     Consideration concorrolling interest   \$ 3,432,40	Deferred income taxes and other non-current assets		389,936	357,513	
Content liabilities         \$ 1,31,197         1,497           Control portion of long-term flob and conmercial paper         \$ 1,31,197         1,493,39         1,30,30           Control payabile and accused expenses         1,483,99         1,30,30         1,30,30           Consider trainabilities         2,75,910         2,82,33         1,12,20         1,1	Total assets	\$ 1	2,560,372	10,727,517	
Current portion of long sterm debt and commercial paper         \$ 1,33,197         1,497,997           Accounts papelise and accrued expenses         1,463,993         1,333,30           Total current liabilities         1,585,651         1,132,20           Long sterm debt, less current portion         5,131,437         45,748,60           Total liabilities         3,912,87         24,20           Total conceit liabilities         3,932,4         24,20           Redeemable noording interest         3,932,4         5,66,48           Redeemable noording interest         3,932,4         1,72,50           Segment Information         Act of or breaking selection of the control of the	LIABILITIES AND STOCKHOLDERS' EQUITY				
Accounts payable and accorded expenses         1,463,993         1,303.03           Total current liabilities         2,755,010         2,283.03           Deferred income axes and other long-term liabilities         80,078         677.88           Total liabilities         3,024         2,22           Total liabilities and succide long-term liabilities         3,024         2,23           Total liabilities and succide long-term liabilities         7,346,09         6,064,83           Total liabilities and succide long-term liabilities         8,000 of of the liabilities and succide long-term liabilities         1,000 of the liabilities         1,	Current liabilities:				
Total current liabilities         2,795,910         2,828,31           Long-term diede, less current plortion         1,585,651         1,122,22           Total liabilities         601,878         67,288           Total liabilities         30,924         4,684           Rebensable noncontrolling interest         30,924         2,422           Total liabilities and sockholders' equity         7,346,009         6,64,82           Segment Information         As of or for the Vertical Processing of the Company of the C	Current portion of long-term debt and commercial paper	\$	1,331,917	1,497,986	
Long-term lobel, less current portion         1,505,551         1,32,20           Defend income taxes and other long-term liabilities         801,878         672,88           Total liabilities         3,63,439         4,638,48           Robermale incompling interest         7,34,60,91         6,648,83           Robermale incompling interest         7,34,60,91         6,648,83           Total liabilities and stockholders' equity         8,25,60,72         10,727,51           Segment Information         As of or further lands         April 1,207,20           Segment Information         As of or further lands         April 2,207,20           Segment Information         April 2,207,20         10,207,20           Vestalistic         April 2,207,20         10,207,20           Plooping NA         5,24,12,20         2,207,20           Plooping NA         7,474         9,207,20           Flooring NA         7,474         9,207,20           Consolidated operating income         8,207,20         10,20           Consolidated operating income <th< td=""><td>Accounts payable and accrued expenses</td><td></td><td>1,463,993</td><td>1,330,341</td></th<>	Accounts payable and accrued expenses		1,463,993	1,330,341	
Deferred income taxes and other long-term liabilities         80 18/8 (8.78.88)         67.88.88           Total labilities         \$133,39 (3.63.48)         4.63.48           Recensable noncontrolling interest         \$73,40,00 (3.63.48)         6.06.48.88           Total stockholders' equity         \$73,40,00 (3.63.48)         7.07.75.75           Segment Information         \$8.0 of or for the Endocation of the Segment Information         March 31,20 (3.63.48)         7.00.12.12.12           Net sales:         \$8.76.54 (3.63.48)         7.00.00.00         7.00.00.00         7.00.00           Flooring NA         \$9.03.5 (3.63.48)         7.00.00	Total current liabilities		2,795,910	2,828,327	
Total liabilities         5,183,49         4,63,48           Redeemble noncontrolling interest         30,924         24,24           Total stockholders' equity         7,346,000         6,048,82           Segment Information         As of a four four time.           Asserting time.         March 3, 2018         April 1, 2018           Possible states         March 3, 2018         April 1, 2018           Residency         March 3, 2018         April 1, 2018           Possible states         March 3, 2018         April 1, 2018           Flooring NA         58, 26, 2012         32, 2016           Consolidated net sales         2, 24, 22, 20         42, 20           Consolidated net sales         3, 13, 41         116, 00           Consolidated net sales         3, 13, 21         12, 20           Operating income (loss):         2, 24, 22, 20         20, 20           Consolidated net sales         3, 13, 41         116, 00           Global Ceramic         \$, 13, 41         116, 00           Flooring NA         3, 20, 20         20, 20           Flooring ROW         3, 20, 20         20, 20           Composite and intersegment eliminations         3, 20, 20         20, 20           Asserts         3, 20, 20	Long-term debt, less current portion		1,585,651	1,132,268	
Redeemable noncontrolling interest         3.03.24         2.2,0           Total stockholders' equity         7.346,000         6,046,00           Segment Information         Associated Information         Sancting Info	Deferred income taxes and other long-term liabilities		801,878	677,897	
Total listotkholders' equity         7,346,009         6,048,05           Total listolities and stockholders' equity         \$ 12,560,372         10,727,51           Segment Information         As of or for two Level Level Level           (Amounts in thousands)         As of a for for two Level Level           Versales:         Segment Information         Segment Information         As of a for for two Level Level           Closed Ceramic         Segment	Total liabilities		5,183,439	4,638,492	
Segment Information         As of or for tweet Ended Amounts in thousands)         As of or for tweet Ended Amounts in thousands)         As of or for tweet Ended Amounts in thousands)         As of or for tweet Ended Amounts in thousands)         As of or for tweet Ended Amounts in thousands)         As of or for tweet Ended Amounts in thousands)         As of a for for tweet Ended Amounts in thousands)         As of a for for tweet Ended Amounts in thousands)         As of a for for tweet Ended Amounts in thousands)         As of a for for tweet Ended Amounts in thousands)         As of a for for tweet Ended Amounts in thousands)         As of a for for tweet Ended Amounts in thousands)         As of a for for tweet Ended Amounts in thousands)         As of a for for the Ended Amounts in thousands)         As of a for for the Ended Amounts in thousands)         As of a for for the Ended Amounts in thousands)         As of a for for the Ended Amounts in thousands)         As of a for	Redeemable noncontrolling interest		30,924	24,201	
Segment Information         As of or for the transcription of mounts in thousands)         As of information         April 1, 2018         April 1, 2018 <th colspa<="" td=""><td>Total stockholders' equity</td><td></td><td>7,346,009</td><td>6,064,824</td></th>	<td>Total stockholders' equity</td> <td></td> <td>7,346,009</td> <td>6,064,824</td>	Total stockholders' equity		7,346,009	6,064,824
Segment Information         As of or fort benefit benefit for the state of th	Total liabilities and stockholders' equity	\$ 1	2,560,372	10,727,517	
Flooring NA         950,358         939,44           Flooring ROW         585,296         496,14           Intersegment sales         —         —           Consolidated net sales         \$ 2,412,202         2,220,62           Operating income (loss):         —           Global Ceramic         \$ 113,417         116,02           Flooring NA         74,748         92,14           Flooring ROW         89,060         76,02           Corporate and intersegment eliminations         (8,826)         (9,48)           Assets:         —         —           Global Ceramic         \$ 5,029,225         4,229,18           Flooring NA         3,847,555         3,528,06           Flooring ROW         3,410,958         2,801,78           Flooring ROW         3,410,958         2,801,78           Flooring ROW         3,410,958         2,801,78           Corporate and intersegment eliminations         3,210,958         2,801,78           Corporate and intersegment eliminations         272,534         168,85	Net sales:		<u> </u>		
Flooring ROW		Э		, in the second second	
Intersegnent sales         —				·	
Consolidated net sales       \$ 2,412,202       2,220,62         Operating income (loss):       \$ 113,417       116,03         Global Ceramic       \$ 113,417       116,03         Flooring NA       74,748       92,14         Flooring ROW       89,060       76,05         Corporate and intersegment eliminations       (8,826)       (9,48         Consolidated operating income       \$ 268,399       274,78         Assets:       S       5,029,225       4,229,18         Flooring NA       3,847,555       3,528,06         Flooring ROW       3,410,958       2,801,78         Corporate and intersegment eliminations       272,634       168,48			585,296	496,180	
Operating income (loss):         Global Ceramic       \$ 113,417       116,03         Flooring NA       74,748       92,14         Flooring ROW       89,060       76,05         Corporate and intersegment eliminations       (8,826)       (9,48         Consolidated operating income       \$ 268,399       274,78         Assets:       S       5,029,225       4,229,18         Flooring NA       3,847,555       3,528,06         Flooring ROW       3,410,958       2,801,78         Corporate and intersegment eliminations       272,634       168,48				2 222 645	
Global Ceramic         \$ 113,417         116,03           Flooring NA         74,748         92,14           Flooring ROW         89,060         76,09           Corporate and intersegment eliminations         (8,826)         (9,48)           Consolidated operating income         \$ 268,399         274,78           Assets:         S         5,029,225         4,229,18           Flooring NA         3,847,555         3,528,00           Flooring ROW         3,410,958         2,801,78           Corporate and intersegment eliminations         272,634         168,48	Consolidated net sales	\$	2,412,202	2,220,645	
Global Ceramic         \$ 113,417         116,03           Flooring NA         74,748         92,14           Flooring ROW         89,060         76,03           Corporate and intersegment eliminations         (8,826)         (9,48)           Consolidated operating income         \$ 268,399         274,78           Assets:         Global Ceramic         \$ 5,029,225         4,229,18           Flooring NA         3,847,555         3,528,00           Flooring ROW         3,410,958         2,801,78           Corporate and intersegment eliminations         272,634         168,48	Operating income (less):				
Flooring NA         74,748         92,14           Flooring ROW         89,060         76,09           Corporate and intersegment eliminations         (8,826)         (9,48           Consolidated operating income         \$ 268,399         274,78           Assets:         Global Ceramic         \$ 5,029,225         4,229,18           Flooring NA         3,847,555         3,528,00           Flooring ROW         3,410,958         2,801,76           Corporate and intersegment eliminations         272,634         168,48		¢	112 /17	116.026	
Flooring ROW         89,060         76,050           Corporate and intersegment eliminations         (8,826)         (9,480)           Consolidated operating income         \$ 268,399         274,780           Assets:         Social Ceramic         \$ 5,029,225         4,229,180           Flooring NA         3,847,555         3,528,000           Flooring ROW         3,410,958         2,801,780           Corporate and intersegment eliminations         272,634         168,480		Φ			
Corporate and intersegment eliminations         (8,826)         (9,426)           Consolidated operating income         \$ 268,399         274,785           Assets:         S         5,029,225         4,229,185           Flooring NA         3,847,555         3,528,065           Flooring ROW         3,410,958         2,801,785           Corporate and intersegment eliminations         272,634         168,485					
Consolidated operating income         \$ 268,399         274,76           Assets:         S         5,029,225         4,229,18           Flooring NA         3,847,555         3,528,06           Flooring ROW         3,410,958         2,801,76           Corporate and intersegment eliminations         272,634         168,45					
Assets:  Global Ceramic \$ 5,029,225 4,229,18 Flooring NA 3,847,555 3,528,06 Flooring ROW 3,410,958 2,801,78 Corporate and intersegment eliminations 272,634 168,48					
Global Ceramic         \$ 5,029,225         4,229,18           Flooring NA         3,847,555         3,528,00           Flooring ROW         3,410,958         2,801,76           Corporate and intersegment eliminations         272,634         168,45	Consolidated operating income	\$	268,399	274,784	
Global Ceramic         \$ 5,029,225         4,229,18           Flooring NA         3,847,555         3,528,00           Flooring ROW         3,410,958         2,801,76           Corporate and intersegment eliminations         272,634         168,45	Assets				
Flooring NA         3,847,555         3,528,000           Flooring ROW         3,410,958         2,801,78           Corporate and intersegment eliminations         272,634         168,45		Φ.	E 000 00E	4 220 422	
Flooring ROW         3,410,958         2,801,76           Corporate and intersegment eliminations         272,634         168,45		\$			
Corporate and intersegment eliminations 272,634 168,45					
	PIOOFING KUW		3,410,958	2,801,782	
	Company and interpretable in the		0.00 4	4.00.400	
	Corporate and intersegment eliminations  Consolidated assets	\$	272,634 12,560,372	168,49 10,727,51	

# 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)

		Quarter Ended		
	M	arch 31, 2018	April 1, 2017	
Net earnings attributable to Mohawk Industries, Inc.	\$	208,766	200,554	
Adjusting items:				
Restructuring, acquisition and integration-related and other costs		22,104	3,978	
Acquisitions purchase accounting, including inventory step-up		1,354	192	
Release of indemnification asset		1,749	_	
Income taxes - reversal of uncertain tax position		(1,749)	_	
Income taxes		(6,940)	(1,415)	
Adjusted net earnings attributable to Mohawk Industries, Inc.	\$	225,284	203,309	
Adjusted diluted earnings per share attributable to Mohawk Industries, Inc.	\$	3.01	2.72	
Weighted-average common shares outstanding - diluted		74,929	74,754	

#### **Reconciliation of Total Debt to Net Debt**

(Amounts in thousands)

Net Debt to Adjusted EBITDA

	Mã	arch 31, 2018
Current portion of long-term debt and commercial paper	\$	1,331,917
Long-term debt, less current portion		1,585,651
Less: Cash and cash equivalents		114,843
Net Debt	\$	2.802.725

#### Reconciliation of Operating Income to Adjusted EBITDA

(Amounts in thousands)					Trailing Twelve
		Quar	ters Ended		Months Ended
	July 1, 2017	September 30, 2017	December 31, 2017	March 31, 2018	March 31, 2018
Operating income	\$ 355,825	380,098	343,466	268,399	1,347,788
Other (expense) income	(3,002)	(1,285)	(3,750)	(3,998)	(12,035)
Net (income) loss attributable to noncontrolling interest	(1,067)	(997)	(488)	(475)	(3,027)
Depreciation and amortization	109,761	113,515	118,372	122,654	464,302
EBITDA	461,517	491,331	457,600	386,580	1,797,028
Restructuring, acquisition and integration-related and other costs	15,878	13,853	15,231	22,104	67,066
Acquisitions purchase accounting, including inventory step- up	9,571	3,551	_	1,354	14,476
Release of indemnification asset	_	_	4,459	1,749	6,208
Adjusted EBITDA	\$ 486,966	508,735	477,290	411,787	1,884,778

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

(Amounts in thousands)

		Ended	
	N	March 31, 2018	April 1, 2017
Net sales	\$	2,412,202	2,220,645
Adjustment to net sales on a constant exchange rate		(98,832)	
Net sales on a constant exchange rate		2,313,370	2,220,645
Less: impact of acquisition volume		(45,276)	
Net sales on a constant exchange rate excluding acquisition volume	\$	2,268,094	2,220,645

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

(Amounts in thousands)

		Quarter E	er Ended	
Global Ceramic	Ma	arch 31, 2018	April 1, 2017	
Net sales	\$	876,548	784,969	
Adjustment to segment net sales on a constant exchange rate		(28,623)	<u> </u>	
Segment net sales on a constant exchange rate		847,925	784,969	
Less: impact of acquisition volume		(45,276)	<u> </u>	
Segment net sales on a constant exchange rate excluding acquisition volume	\$	802,649	784,969	

# Reconciliation of Segment Net Sales to Segment Net Sales on a Constant Exchange Rate

(Amounts in thousands)

		Quarter Ended			
Flooring ROW		March 31, 2018	April 1, 2017		
Net sales	\$	585,296	496,180		
Adjustment to segment net sales on a constant exchange rate		(70,209)	<u> </u>		
Segment net sales on a constant exchange rate	\$	515,087	496,180		

## Reconciliation of Gross Profit to Adjusted Gross Profit

(Amounts in thousands)

		Quarter Ended		
	Ma	rch 31, 2018	April 1, 2017	
Gross Profit	\$	704,692	680,353	
Adjustments to gross profit:				
Restructuring, acquisition and integration-related and other costs		14,498	2,813	
Acquisitions purchase accounting, including inventory step-up		1,354	192	
Adjusted gross profit	\$	720,544	683,358	

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

(Amounts in thousands)

		Quarter :	Ended
	I	March 31, 2018	April 1, 2017
Selling, general and administrative expenses	\$	436,293	405,569
Adjustments to selling, general and administrative expenses:			
Restructuring, acquisition and integration-related and other costs		(7,606)	(1,165)
Adjusted selling, general and administrative expenses	\$	428,687	404,404

# Reconciliation of Operating Income to Adjusted Operating Income

(Amounts in thousands)

	Quarter Ended		
	Ma	arch 31, 2018	April 1, 2017
Operating income	\$	268,399	274,784
Adjustments to operating income:			
Restructuring, acquisition and integration-related and other costs		22,104	3,978
Acquisitions purchase accounting, including inventory step-up		1,354	192
Adjusted operating income	\$	291,857	278,954

# Reconciliation of Segment Operating Income to Adjusted Segment Operating Income

(Amounts in thousands)

Global Ceramic		Quarter Ended		
		arch 31, 2018	April 1, 2017	
Operating income	\$	113,417	116,036	
Adjustments to segment operating income:				
Restructuring, acquisition and integration-related and other costs		3,561	204	
Adjusted segment operating income	\$	116,978	116,240	

# Reconciliation of Segment Operating Income to Adjusted Segment Operating Income

(Amounts in thousands)

		Quarter Ended	
Flooring NA		March 31, 2018	April 1, 2017
Operating income	\$	74,748	92,142
Adjustments to segment operating income:			
Restructuring, acquisition and integration-related and other costs		16,204	2,313
Adjusted segment operating income	\$	90,952	94,455

# Reconciliation of Segment Operating Income to Adjusted Segment Operating Income

(Amounts in thousands)

		nded	
Flooring ROW	March 31, 2018		April 1, 2017
Operating income	\$	89,060	76,095
Adjustments to segment operating income:			
Restructuring, acquisition and integration-related and other costs		2,094	1,460
Acquisitions purchase accounting, including inventory step-up		1,354	192
Adjusted segment operating income	\$	92,508	77,747

#### Reconciliation of Earnings Including Noncontrolling Interests Before Income Taxes to Adjusted Earnings Including Noncontrolling Interests Before Income Taxes

(Amounts in thousands)

		Quarter Ended		
	Ma	rch 31, 2018	April 1, 2017	
Earnings before income taxes	\$	256,873	269,414	
Noncontrolling interests		(475)	(502)	
Adjustments to earnings including noncontrolling interests before income taxes:				
Restructuring, acquisition and integration-related & other costs		22,104	3,978	
Acquisitions purchase accounting, including inventory step-up		1,354	192	
Release of indemnification asset		1,749		
Adjusted earnings including noncontrolling interests before income taxes	\$	281,605	273,082	

#### Reconciliation of Income Tax Expense to Adjusted Income Tax Expense

(Amounts in thousands)

		Quarter l	Ended
	M	arch 31, 2018	April 1, 2017
Income tax expense	\$	47,632	68,358
Income taxes - reversal of uncertain tax position		1,749	_
Income tax effect of adjusting items		6,940	1,415
Adjusted income tax expense	\$	56,321	69,773
Adjusted income tax rate		20.0%	25.6%

The Company supplements its consolidated financial statements, which are prepared and presented in accordance with US GAAP, with certain non-GAAP financial measures. As required by the Securities and Exchange Commission rules, the tables above present a reconciliation of the Company's non-GAAP financial measures to the most directly comparable US GAAP measure. Each of the non-GAAP measures set forth above should be considered in addition to the comparable US GAAP measure, and may not be comparable to similarly titled measures reported by other companies. The Company believes these non-GAAP measures, when reconciled to the corresponding US GAAP measure, help its investors as follows: Non-GAAP revenue measures that assist in identifying growth trends and in comparisons of revenue with prior and future periods and non-GAAP profitability measures that assist in understanding the long-term profitability trends of the Company's business and in comparisons of its profits with prior and future periods.

The Company excludes certain items from its non-GAAP revenue measures because these items can vary dramatically between periods and can obscure underlying business trends. Items excluded from the Company's non-GAAP revenue measures include: foreign currency transactions and translation and the impact of acquisitions.

The Company excludes certain items from its non-GAAP profitability measures because these items may not be indicative of, or are unrelated to, the Company's core operating performance. Items excluded from the Company's non-GAAP profitability measures include: restructuring, acquisition and integration-related and other costs, acquisition purchase accounting, including inventory step-up, release of indemnification assets and the reversal of uncertain tax positions.