

MOHAWK INDUSTRIES INC
Form 10-Q
August 03, 2012
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 June 30, 2012

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
(State or other jurisdiction of incorporation or organization)

52-1604305
(I.R.S. Employer Identification No.)

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

30701
(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 classes of common stock as of July 30, 2012, the latest practicable date, is as follows: 68,996,161 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 June 30, 2012 and December 31, 2011	<u>3</u>
<u>Condensed Consolidated Statements of Operations</u> for the three months ended June 30, 2012 and July 2, 2011	<u>5</u>
<u>Condensed Consolidated Statements of Operations</u> for the six months ended June 30, 2012 and July 2, 2011	<u>6</u>
<u>Condensed Consolidated Statements of Comprehensive Income (Loss)</u> for the three and six months ended June 30, 2012 and July 2, 2011	<u>7</u>
<u>Condensed Consolidated Statements of Cash Flows</u> for the six months ended June 30, 2012 and July 2, 2011	<u>8</u>
<u>Notes to Condensed Consolidated Financial Statements</u>	<u>9</u>
Item 2. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>17</u>
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>23</u>
Item 4. <u>Controls and Procedures</u>	<u>23</u>
Part II. <u>OTHER INFORMATION</u>	
Item 1. <u>Legal Proceedings</u>	<u>24</u>
Item 1A. <u>Risk Factors</u>	<u>24</u>
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>30</u>
Item 3. <u>Defaults Upon Senior Securities</u>	<u>30</u>
Item 4. <u>Mine Safety Disclosures</u>	<u>30</u>
Item 5. <u>Other Information</u>	<u>30</u>
Item 6. <u>Exhibits</u>	<u>31</u>

Table of Contents

PART I. FINANCIAL INFORMATION

ITEM I. FINANCIAL STATEMENTS

MOHAWK INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS

(In thousands)

(Unaudited)

	June 30, 2012	December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$319,463	311,945
Receivables, net	782,122	686,165
Inventories	1,161,073	1,113,630
Prepaid expenses	127,505	112,779
Deferred income taxes	126,613	150,910
Other current assets	17,410	22,735
Total current assets	2,534,186	2,398,164
Property, plant and equipment, net	1,652,444	1,712,154
Goodwill	1,363,356	1,375,175
Tradenames	444,536	450,432
Other intangible assets, net	120,412	154,668
Deferred income taxes and other non-current assets	149,843	115,635
	\$6,264,777	6,206,228

See accompanying notes to condensed consolidated financial statements.

Table of Contents

MOHAWK INDUSTRIES, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED BALANCE SHEETS
 LIABILITIES AND STOCKHOLDERS' EQUITY
 (In thousands, except per share data)
 (Unaudited)

	June 30, 2012	December 31, 2011
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$57,158	386,255
Accounts payable and accrued expenses	733,411	715,091
Total current liabilities	790,569	1,101,346
Deferred income taxes	334,070	355,653
Long-term debt, less current portion	1,570,530	1,200,184
Other long-term liabilities	93,290	99,537
Total liabilities	2,788,459	2,756,720
Commitments and contingencies (Notes 6 and 11)		
Redeemable noncontrolling interest	—	33,723
Stockholders' equity:		
Preferred stock, \$.01 par value; 60 shares authorized; no shares issued	—	—
Common stock, \$.01 par value; 150,000 shares authorized; 80,027 and 79,815 shares issued in 2012 and 2011, respectively	800	798
Additional paid-in capital	1,260,186	1,248,131
Retained earnings	2,468,330	2,354,765
Accumulated other comprehensive income, net	70,464	135,639
	3,799,780	3,739,333
Less treasury stock at cost; 11,032 and 11,034 shares in 2012 and 2011, respectively	323,462	323,548
Total stockholders' equity	3,476,318	3,415,785
	\$6,264,777	6,206,228

See accompanying notes to condensed consolidated financial statements.

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

(In thousands, except per share data)

(Unaudited)

	Three Months Ended	
	June 30, 2012	July 2, 2011
Net sales	\$1,469,793	1,477,854
Cost of sales	1,081,329	1,095,607
Gross profit	388,464	382,247
Selling, general and administrative expenses	280,746	280,547
Operating income	107,718	101,700
Interest expense	18,844	25,760
Other expense	440	396
Earnings before income taxes	88,434	75,544
Income tax expense	15,246	13,450
Net earnings	73,188	62,094
Less: Net earnings attributable to noncontrolling interest	—	1,191
Net earnings attributable to Mohawk Industries, Inc.	\$73,188	60,903
Basic earnings per share attributable to Mohawk Industries, Inc.	\$1.06	0.89
Weighted-average common shares outstanding—basic	68,984	68,744
Diluted earnings per share attributable to Mohawk Industries, Inc.	\$1.06	0.88
Weighted-average common shares outstanding—diluted		