

MOHAWK INDUSTRIES INC
Form 10-Q
May 10, 2007

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 MARCH 31, 2007**

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 01-19826

MOHAWK INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

**P.O. Box 12069, 160 S. Industrial Blvd.,
Calhoun, Georgia**

(Address of principal executive offices)

52-1604305

(I. R. S. Employer
Identification No.)

30701

(Zip Code)

(706) 629-7721

(Registrant's telephone number, including area code)

Indicate by check mark whether 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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer:

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer

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

The number of shares outstanding of the issuer's classes of capital stock as of May 7, 2007, the latest practicable date, is as follows:
68,143,178 shares of Common Stock, \$0.01 par value.

MOHAWK INDUSTRIES, INC.

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PART I. FINANCIAL INFORMATION

ITEM I. FINANCIAL STATEMENTS

MOHAWK INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETSASSETS
(In thousands)
(Unaudited)

	March 31, 2007	December 31, 2006
Current assets:		
Cash and cash equivalents	\$ 53,598	63,492
Receivables	948,767	876,206
Inventories	1,245,073	1,225,874
Prepaid expenses	119,815	114,088
Deferred income taxes	176,444	99,251
Total current assets	2,543,697	2,378,911
Property, plant and equipment, at cost	3,089,962	3,068,522
Less accumulated depreciation and amortization	1,224,963	1,180,434
Net property, plant and equipment	1,864,999	1,888,088
Goodwill	2,710,821	2,699,639
Tradenames	666,951	662,314
Other intangible assets	499,675	517,780
Other assets	29,141	31,662
	\$ 8,315,284	8,178,394

See accompanying notes to condensed consolidated financial statements.

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

	March 31, 2007	December 31, 2006
Current liabilities:		
Current portion of long-term debt	\$ 514,772	576,134
Accounts payable and accrued expenses	982,536	1,019,629
Total current liabilities	1,497,308	1,595,763
Deferred income taxes	624,708	628,311
Long-term debt, less current portion	2,189,862	2,207,547
Other long-term liabilities	150,809	31,510
Total liabilities	4,462,687	4,463,131
Stockholders' equity:		
Preferred stock, \$.01 par value; 60 shares authorized; no shares issued	-	-
Common stock, \$.01 par value; 150,000 shares authorized; 79,100 and 78,816 shares issued in 2007 and 2006, respectively	791	788
Additional paid-in capital	1,175,066	1,152,420
Retained earnings	2,845,908	2,755,529
Accumulated other comprehensive income, net	154,548	130,372
	4,176,313	4,039,109
Less treasury stock at cost; 11,046 and 11,051 shares in 2007 and 2006, respectively	323,716	323,846
Total stockholders' equity	3,852,597	3,715,263
	\$ 8,315,284	8,178,394

See accompanying notes to condensed consolidated financial statements.

MOHAWK INDUSTRIES, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
 (In thousands, except per share data)
 (Unaudited)

	Three Months Ended	
	March 31, 2007	April 1, 2006
Net sales	\$ 1,863,863	1,925,106
Cost of sales	1,340,423	1,408,762
Gross profit	523,440	516,344
Selling, general and administrative expenses	352,863	352,443
Operating income	170,577	163,901
Other expense (income):		
Interest expense	41,579	40,335
Other expense	5,414	3,826
Other income	(1,187)	(1,099)
U.S. Customs refund	(9,122)	-
	36,684	43,062
Earnings before income taxes	133,893	120,839
Income taxes	43,515	41,718
Net earnings	\$ 90,378	79,121
Basic earnings per share	\$ 1.33	1.17
Weighted-average common shares outstanding	67,906	67,564
Diluted earnings per share	\$ 1.32	1.16
Weighted-average common and dilutive common shares outstanding	68,255	68,079

See accompanying notes to condensed consolidated financial statements.

MOHAWK INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)
(Unaudited)

	Three Months Ended	
	March 31, 2007	April 1, 2006
Cash flows from operating activities:		
Net earnings	\$ 90,378	79,121
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	73,846	64,853
Deferred income taxes	(5,228)	4,085
Loss on disposal of property, plant and equipment	179	1,455
Excess tax benefit from stock-based compensation	(3,579)	(1,753)
Stock based compensation expense	4,391	2,750
Changes in operating assets and liabilities:		
Receivables	(70,212)	(91,241)
Inventories	(18,100)	(31,582)
Accounts payable and accrued expenses	19,642	74,179
Other assets and prepaid expenses	(5,781)	