

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): November 9, 2012



THE DIXIE GROUP

**THE DIXIE GROUP, INC.**  
(Exact name of Registrant as specified in its charter)

Tennessee

(State or other jurisdiction of incorporation)

0-2585

(Commission File Number)

62-0183370

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

104 Nowlin Lane - Suite 101, Chattanooga, Tennessee

(Address of principal executive offices)

37,421

(zip code)

(423) 510-7000

(Registrant's telephone number, including area code)

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 communications pursuant to Rule 425 under the 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 (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 7.01 Regulation FD Disclosure.**

The Dixie Group, Inc. will present its investor presentation on November 9, 2012.

The information attached as Exhibit 99.1 hereto supersedes the investor presentation previously furnished on Form 8-K dated November 4, 2011, and is being furnished pursuant to Item 7.01; such information, including the information excerpted below in this Item 7.01, shall not be deemed to be "filed" for any purpose.

These updated investor presentation materials may be found on the Company's website at [www.thedixiegroup.com](http://www.thedixiegroup.com).

**Item 9.01 Financial Statements and Exhibits.**

- (c) Exhibits
  - (99.1) Presentation Materials, November 9, 2012.

## **SIGNATURES**

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.

Date: November 9, 2012

**THE DIXIE GROUP, INC.**

/s/ Jon A. Faulkner

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Jon A. Faulkner

Chief Financial Officer



THE DIXIE GROUP

Exhibit 99.1

**November 2012  
Investor  
Presentation**

**Contact:  
Jon Faulkner  
CFO  
The Dixie Group**

**Phone: 706-876-5814**

[jon.faulkner@dixiegroup.com](mailto:jon.faulkner@dixiegroup.com)

# Forward Looking Statements

## The Dixie Group, Inc.

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- Statements in this presentation which relate to the future, are subject to risk factors and uncertainties that could cause actual results to differ materially from those indicated in such forward-looking statements. Such factors include the levels of demand for the products produced by the Company. Other factors that could affect the Company's results include, but are not limited to, raw material and transportation costs related to petroleum prices, the cost and availability of capital, and general economic and competitive conditions related to the Company's business. Issues related to the availability and price of energy may adversely affect the Company's operations. Additional information regarding these and other factors and uncertainties may be found in the Company's filings with the Securities and Exchange Commission.
- General information set forth in this presentation concerning market conditions, sales data and trends in the U.S. carpet and rug markets are derived from various public and, in some cases, non-public sources. Although we believe such data and information to be accurate, we have not attempted to independently verify such information.



- Began operations in 1920
- Entered floorcovering in 1993 and exited textiles in 1999 – now 100% floorcovering
- Refined focus on upper-end markets in 2004
- For over 90 years we have focused on specialized products
- Traditionally we have outperformed the industry and expect to do so in the future



- Commitment to brands in the upper-end market with strong growth potential
- Diversified between Commercial and Residential markets
- Diversified customer base
  - Top 10 carpet customers
    - 13% of sales
  - Top 20 carpet customers
    - 16% of sales

# New and Existing Home Sales

## Seasonally Adjusted Annual Rate



### New in July-Existing in August:

- New home sales increased 3.6% from June. The rate of 372,000 was 25.3% better than one year ago.
- The West leads the regions with YTD sales up 34.7%.
- Existing home sales increased from a rate of 4.47 million in July to 4.82 million in August. The August rate was 9.3% better than one year ago.
- Existing house sales are picking up quickly.

Source: National Association of Realtors (existing) and census.gov/const/c25 (new).  
 Next release September 26 (new); October 19 (existing).

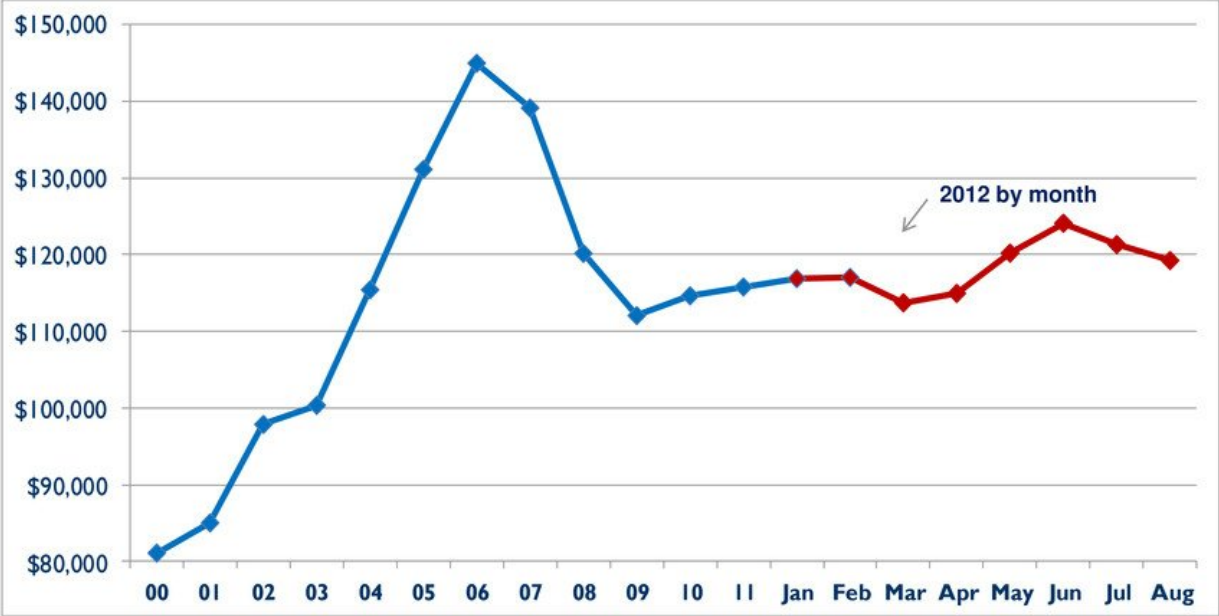


# Residential Remodeling Owner-Occupied Improvements\*



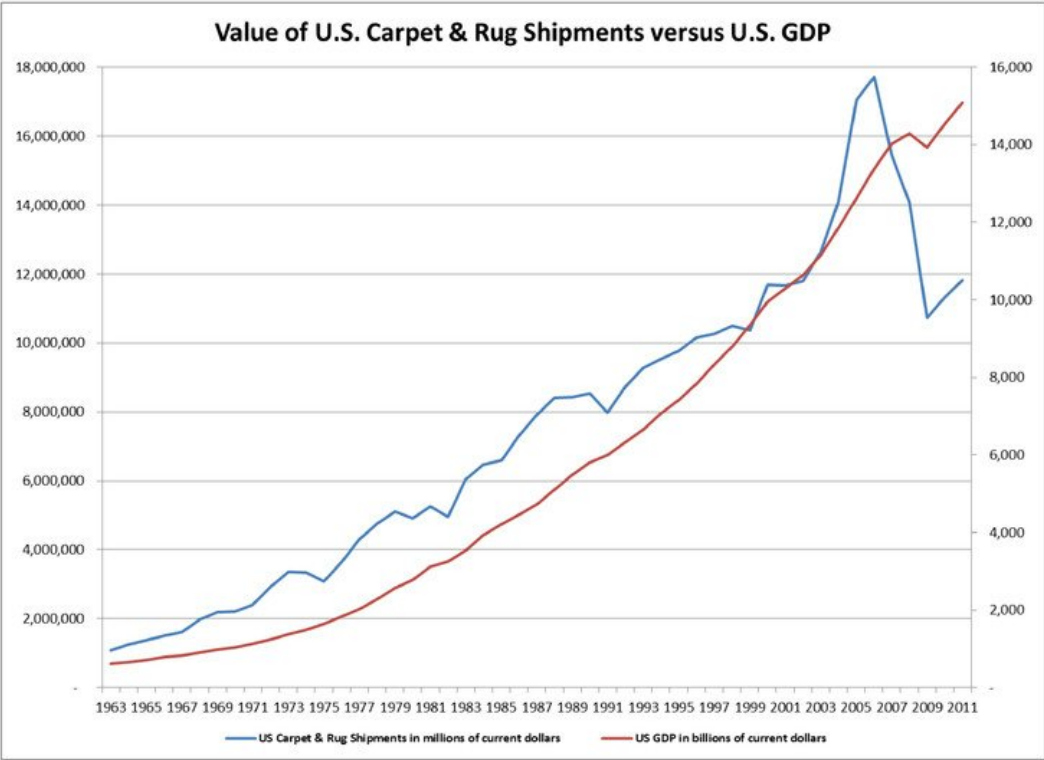
Steady recovery in 2009 through 2011 with predicted similar pattern for 2012.

Millions of dollars



<http://www.census.gov/construction/c30/c30index.html> Private construction

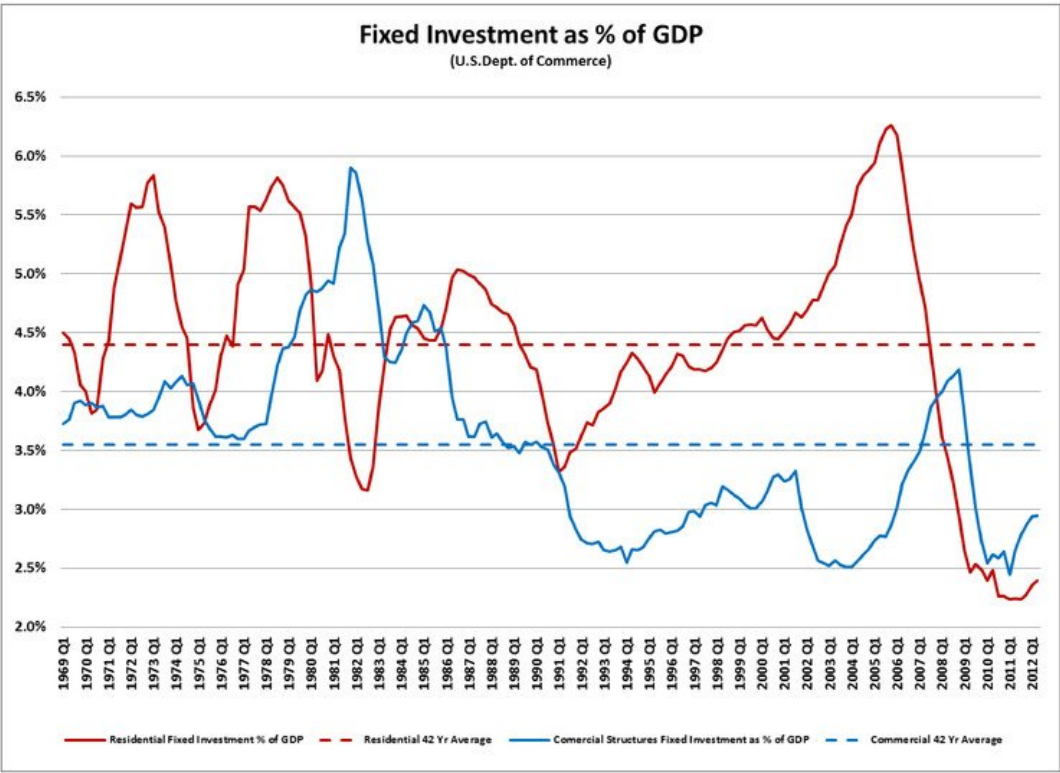
# The Industry versus GDP



**2012**

- We are starting to see a rebound in the relationship between carpet and rug shipments and GDP
- We believe that the long-term trend will once again be restored once purchases of existing homes rebounds

# Residential and Commercial Fixed Investment



Slight rebound in residential activity

Rebound in commercial activity

# Consumer Sentiment Conference Board



## September 2012:

- **Consumer expectations over the next 6 months are up (green)**
- **Upper-end consumer confidence has increased (red)**
- **“Despite continuing economic uncertainty, consumers are slightly more optimistic than they have been in several months.”**

— **Lynn Franco,  
Director of The  
Conference Board  
Consumer  
Research Center.**

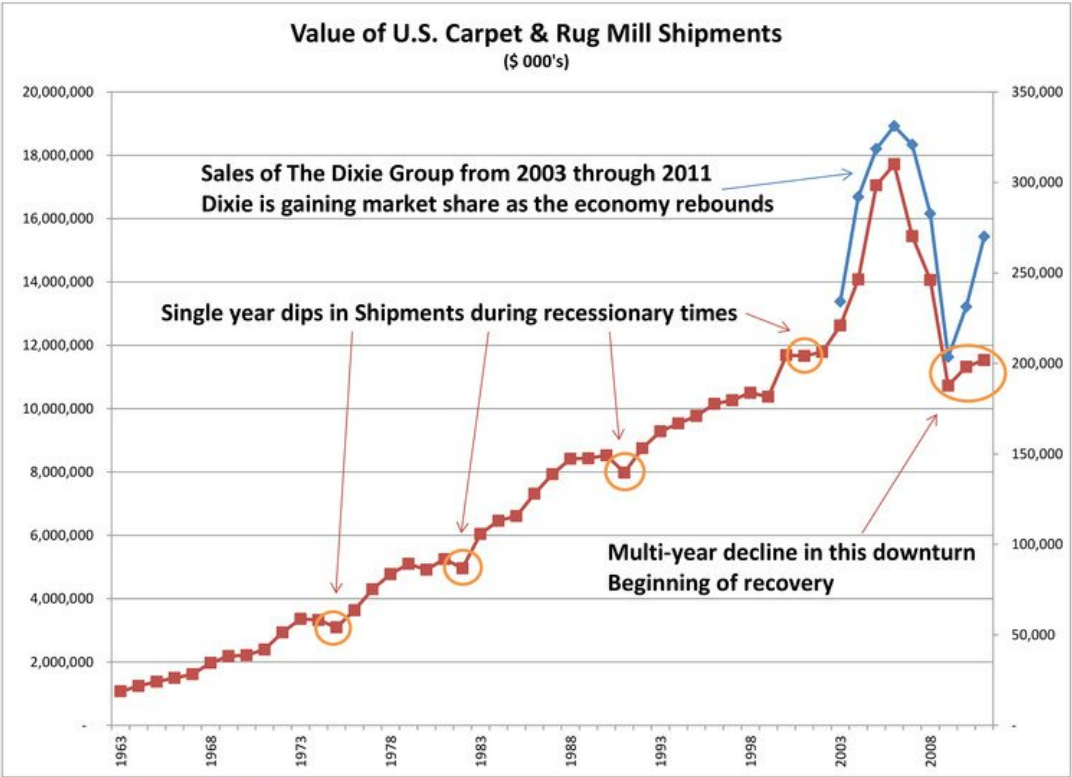
1966 = 100

## S&P 500



### October 2012

- The stock market has rebounded to pre-recession levels
- 2012 is positive but is still subject to macro events:
  - Europe,
  - US Election,
  - China



Source: U.S. Bureau of Economic Analysis

## 2011 U.S. Carpet Manufacturers

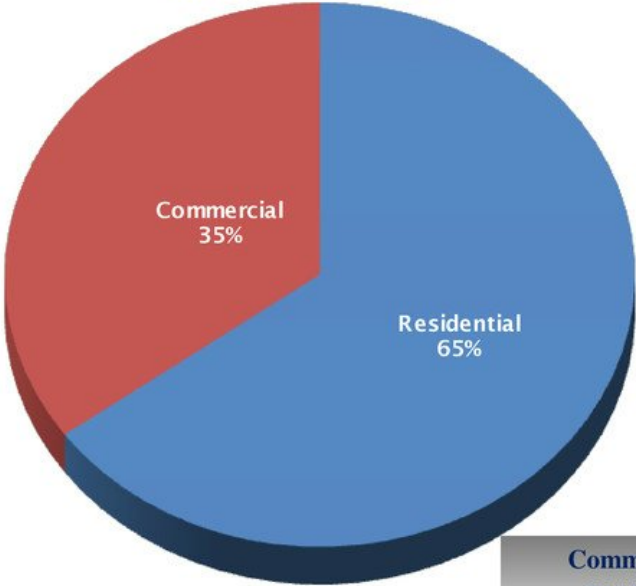


<b>Carpet Leaders</b>	<b>Dollars in Millions</b>	<b>% Total</b>	
<b>Shaw</b>	<b>\$ 2,966</b>	<b>38.8%</b>	<b>Residential &amp; Commercial</b>
<b>Mohawk</b>	<b>\$ 1,884</b>	<b>24.6%</b>	<b>Residential &amp; Commercial</b>
<b>Beaulieu</b>	<b>\$ 726</b>	<b>9.5%</b>	<b>Residential &amp; Commercial</b>
<b>Interface</b>	<b>\$ 501</b>	<b>6.5%</b>	<b>Commercial Only</b>
<b>Dixie</b>	<b>\$ 262</b>	<b>3.4%</b>	<b>Residential &amp; Commercial</b>
<b>Other</b>	<b>\$ 1,317</b>	<b>17.2%</b>	<b>Residential &amp; Commercial</b>
<b>Market</b>	<b>\$ 7,656</b>	<b>100.0%</b>	

Source: Floor Focus – includes carpet as broadloom and modular tile, excludes rug sales

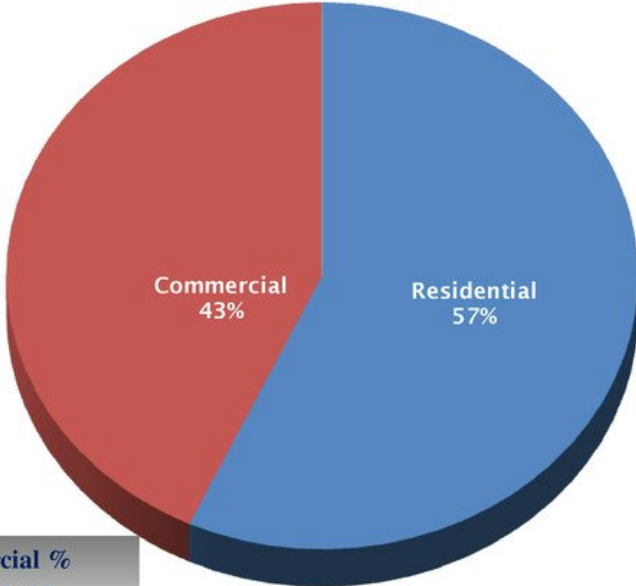
## 2006 Carpet End Use

Sales \$10.19 Billion



## TTM 2012 Q3 Carpet End Use

Sales \$7.45 Billion



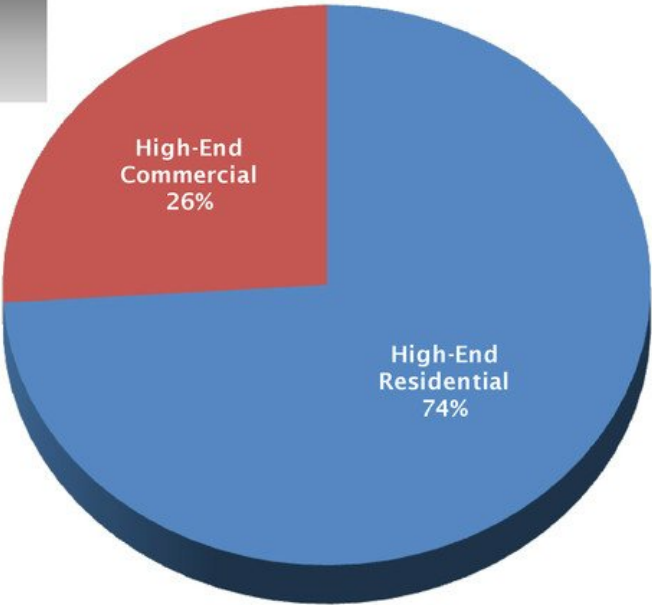
Commercial %  
2001 – 2012  
From 32% to 43%

Source: Floor Focus – Broadloom & Carpet Tile

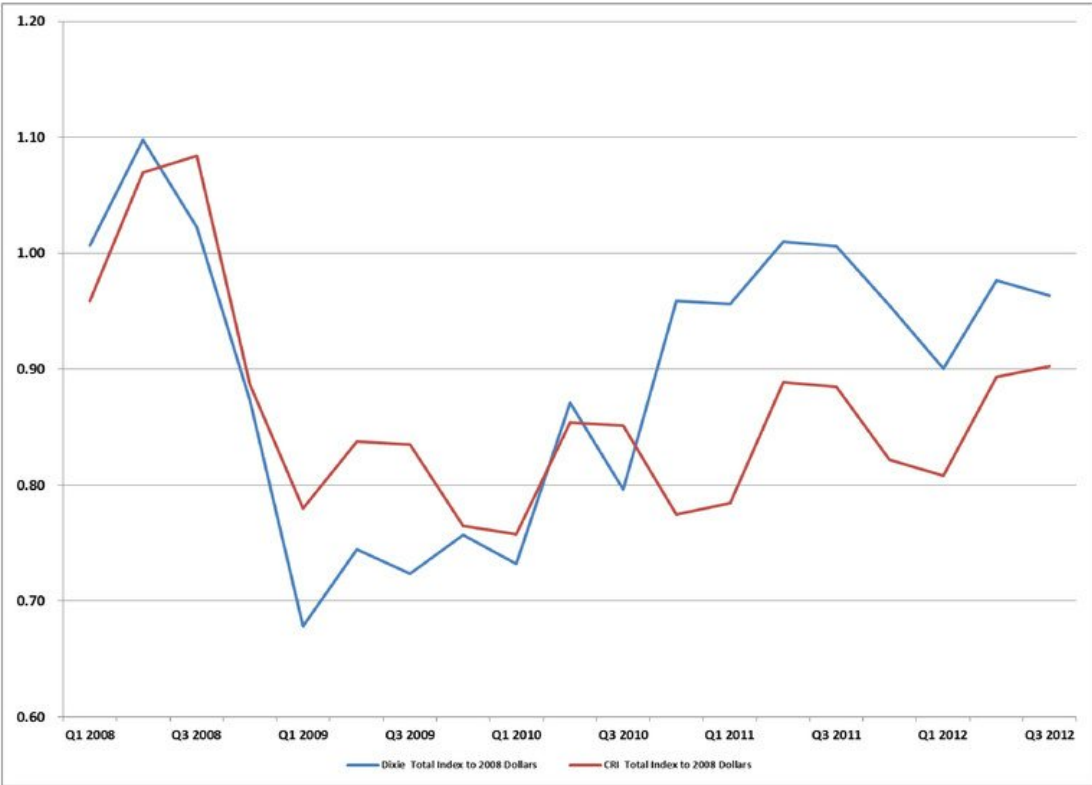


## Dixie TTM Q3 2012 Carpet and Rug Sales by End Market

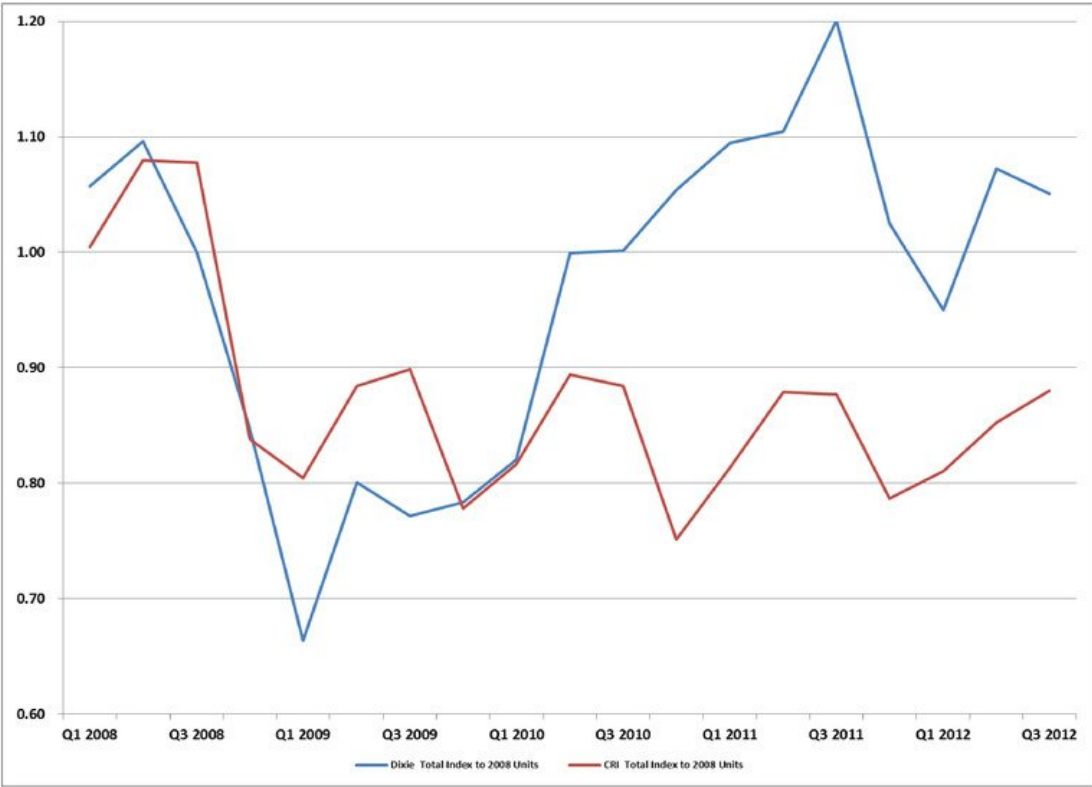
Commercial %  
2001 – 2012  
From 25% to 38%



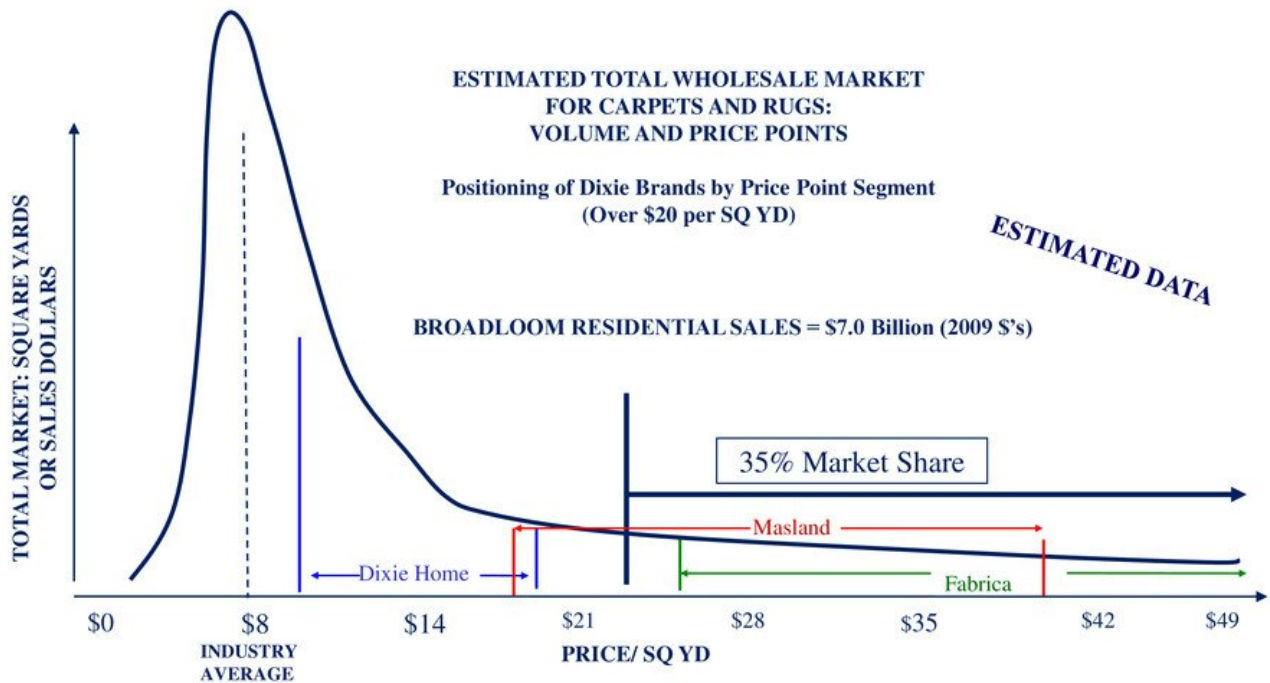
# Carpet Dollar Sales Indexed to 2008



# Carpet Unit Sales Indexed to 2008



# Residential Positioning The Dixie Group



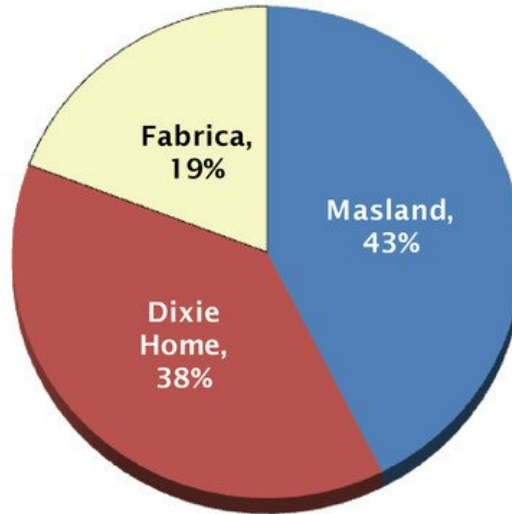
Note: Industry average price is based on sales reported through industry sources.

Excerpt from KSA Study dated May 2004, Titled "KSA Assessment of Dixie's Residential and Contract Carpet Businesses", commissioned by The Dixie Group, Inc. 17

# Dixie Group High-End Residential Sales All Brands



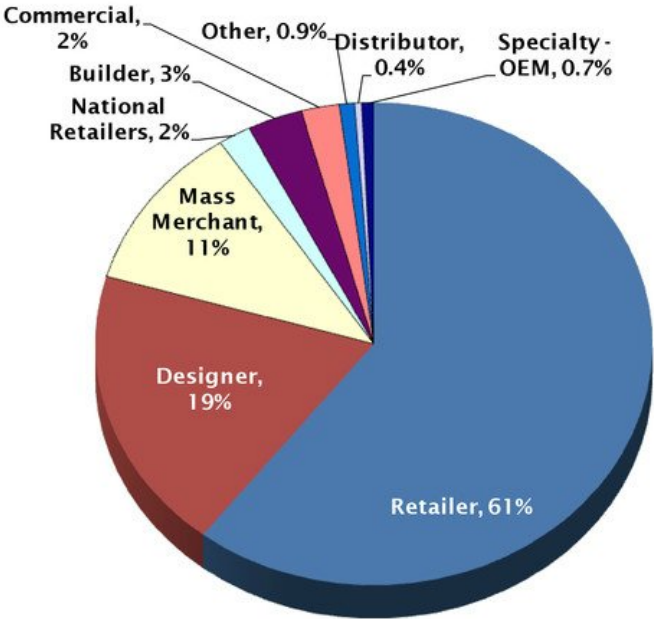
TTM Q3 2012



# Dixie Group High-End Residential Sales All Brands

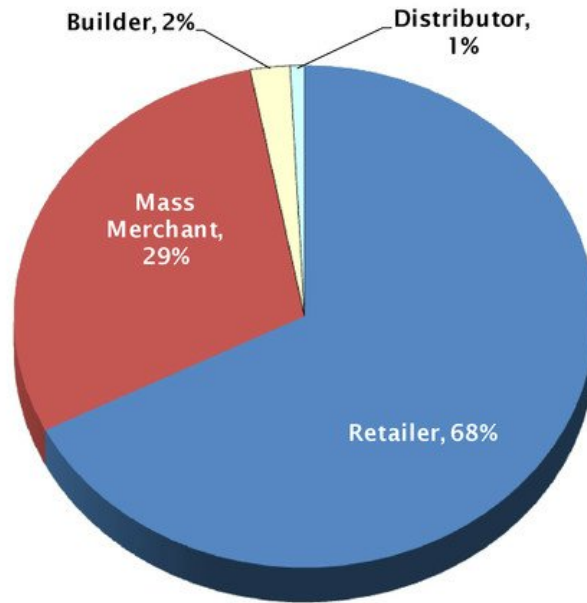


**Sales by Channel for TTM Q3 2012**





### Sales by Channel for TTM Q3 2012



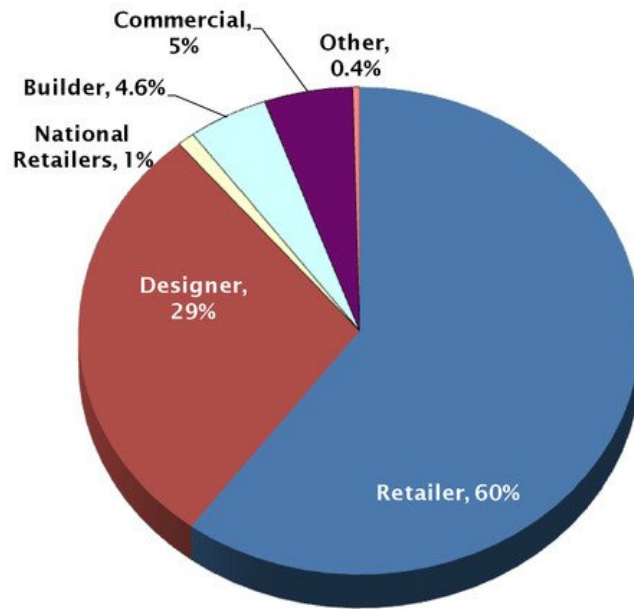


- Well-styled moderate to upper priced residential broadloom line
- Dixie provides a “full line” to retailers
- Leverage needed by fiber suppliers for market access
- Selective distribution strategy attractive to retailers
- Growth initiatives
  - Stainmaster® Tru Soft™ Fiber Technology
  - Stainmaster® SolarMax® Fiber Technology





**Sales by Channel for TTM Q3 2012**

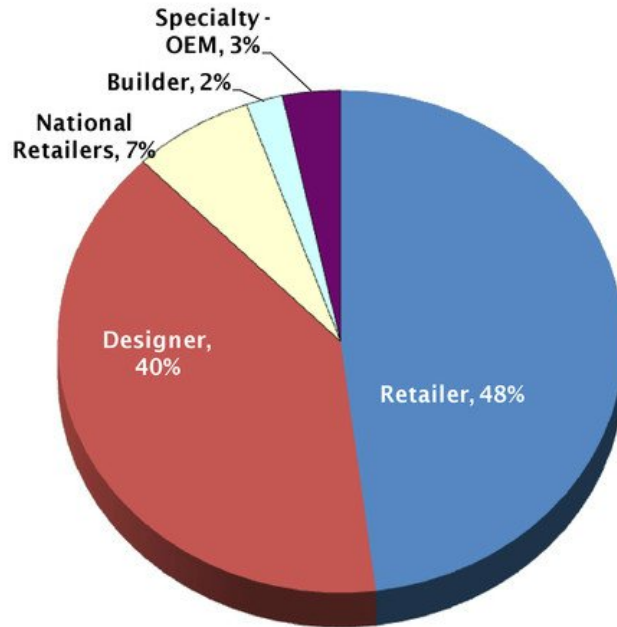




- Leading high-end brand with reputation for innovative styling, design and color
- High-end retail / designer driven
- Hand crafted and imported rugs
- Growth initiative
  - Stainmaster® TruSoft™ Fiber Technology
  - Wool products
    - Complete line of broadloom and rugs to the industry



**Sales by Channel for TTM Q3 2012**

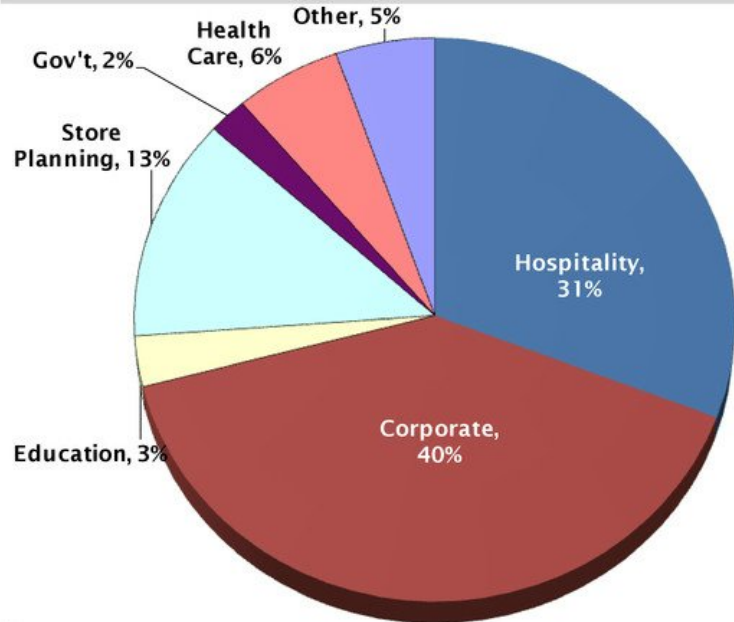




- Premium high-end brand
  - Superior quality in all aspects
- Designer focused
- Hand crafted and imported rugs
- Growth initiatives
  - Stainmaster® TruSoft™ Fiber Technology
  - Fabrica Permaset dyeing process allows unlimited color selection in select wool products
  - Expand select retail distribution



## Sales by Channel for TTM Q3 2012



Channels: Interior Design Specifier and Commercial End User



- Premium brand in the commercial marketplace
- Designer focused
- Strong national account base
  - Nordstrom's, Target, Sears, Delta Air Lines, AECOM, Club Corporation of America
- Growth initiative
  - Modular/carpet tile
  - End User Channel

# Dixie Group Sales

\$ in millions



## Current Business Conditions 2012 Activity



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### Activity:

- Third quarter as compared to prior year:
  - Residential non mass merchant sales up 6.5% compared to the industry being down slightly
  - New commercial sector management team is in place
    - New high value performance modular carpet tile being launched
- Opportunities in new products:
  - Stainmaster® TruSoft™ product introductions during the third and fourth quarters, offering the new standard in “soft”
  - Successful launch of our “permaset process” for wool that will allow our designer customers unlimited choices in colorations
  - Introduced our award winning Chrome Collection in the commercial marketplace



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Though the market has been difficult, we are encouraged by:

- Dixie's high-end goods are growing faster than the market
- Positive market reception to our new products:
  - Masland and Fabrica Wool Collections continued growth
  - Masland Avenue – new technology with a woven look
  - New Stainmaster<sup>®</sup> SolarMax<sup>®</sup> and TruSoft<sup>™</sup> products
- Our upper-end customer is more confident than are consumers in general
- Having invested significantly for future growth, such as the Colormaster continuous dyeing capability and additional yarn processing capacity

.....We will take advantage of market conditions as they improve



Masland FABRICA  
CARPETS&RUGS FINE CARPET & RUGS



T H E D I X I E G R O U P



DIXIE HOME  Masland  
contract



### Use of Non-GAAP Financial Information:

The Company believes that non-GAAP performance measures, which management uses in evaluating the Company's business, may provide users of the Company's financial information with additional meaningful bases for comparing the Company's current results and results in a prior period, as these measures reflect factors that are unique to one period relative to the comparable period. However, the non-GAAP performance measures should be viewed in addition to, not as an alternative for, the Company's reported results under accounting principles generally accepted in the United States.

The Company defines Net Sales as adjusted as Net Sales divided by the actual number of weeks and multiplied by the number of weeks in a normal period. (Note 1)

The Company defines Adjusted Operating Income as Operating Income plus facility consolidation expenses and severance expenses, plus impairment of assets, plus impairment of goodwill, plus one time items so defined. (Note 2)

The Company defines Adjusted EBIT as net income plus taxes and plus interest. (Note 3)

The Company defines Adjusted EBITDA as Adjusted EBIT plus depreciation and amortization, plus facility consolidation expenses and severance expenses, plus impairment of assets, plus impairment of goodwill, plus one time items so defined and plus other (income) expense - net. (Note 4)

The company defines Free Cash Flow as Net Income plus interest plus depreciation plus non-cash impairment of assets and goodwill minus the net change in working capital minus the tax shield on interest minus capital expenditures net of asset sales. The change in net working capital is the change in current assets less current liabilities between periods. (Note 5)

## Non-GAAP Information



### Use of Non-GAAP Financial Information:

#### Net Sales Adjusted - Note 1

(\$ in thousands)	YTD 2011	YTD 2012	Y/Y Chge
Weeks in Period	40	39	
Net Sales as Reported	204,761	195,238	-4.7%
Adjustment for Weeks	(4,711)	-	2.2%
Non-GAAP Net Sales as Adjusted (Note 1)	\$ 200,050	\$ 195,238	-2.4%

**Use of Non-GAAP Financial Information:**

Note a: Restated

**Adjusted Operating Income (Loss) - Note 2**

(\$ in thousands)	2007 (a)	2008 (a)	2009 (a)	2010	2011	2012 YTD
Operating income (loss)	16,707	(28,460)	(45,389)	(2,570)	5,668	1,400
Plus: Facility consolidation and severance expenses	-	2,317	4,091	1,556	(563)	-
Plus: Impairment of assets	-	4,478	1,459	-	-	-
Plus: Impairment of goodwill	-	23,121	31,406	-	-	-
Plus: Manufacturing Realignment	-	-	-	-	-	1,067
<b>Non-GAAP Adjusted Operating Income (Loss) (Note 2)</b>	<b>\$ 16,707</b>	<b>\$ 1,456</b>	<b>\$ (8,433)</b>	<b>\$ (1,014)</b>	<b>\$ 5,105</b>	<b>\$ 2,467</b>

**Adjusted Earnings before Interest and Taxes (EBIT) - Note 3**

(\$ in thousands)	2007 (a)	2008 (a)	2009 (a)	2010	2011	2012 YTD
Net income (loss) as reported	6,247	(31,481)	(42,241)	(4,654)	986	(512)
Less: Income (loss) from discontinued operations, net of	(521)	(313)	(382)	(281)	(286)	(273)
Plus: Taxes	3,686	(2,931)	(8,870)	(2,604)	684	(349)
Plus: Interest	6,347	5,965	5,521	4,124	3,470	2,269
<b>Non-GAAP Adjusted EBIT (Note 3)</b>	<b>\$ 16,801</b>	<b>\$ (28,134)</b>	<b>\$ (45,208)</b>	<b>\$ (2,853)</b>	<b>\$ 5,426</b>	<b>\$ 1,681</b>

**Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) - Note 4**

(\$ in thousands)	2007 (a)	2008 (a)	2009 (a)	2010	2011	2012 YTD
Non-GAAP Adjusted EBIT (from above)	16,801	(28,134)	(45,208)	(2,853)	5,426	1,681
Plus: Depreciation and amortization	12,941	13,752	13,504	11,575	9,649	7,137
Plus: Facility consolidation and severance expenses	-	2,317	4,091	1,556	(563)	-
Plus: Impairment of assets	-	4,478	1,459	-	-	-
Plus: Impairment of goodwill	-	23,121	31,406	-	-	-
Plus: Manufacturing Realignment	-	-	-	-	-	1,067
Plus: Other (income) expense - net	(94)	(326)	(181)	282	242	(281)
<b>Non-GAAP Adjusted EBITDA (Note 4)</b>	<b>\$ 29,648</b>	<b>\$ 15,208</b>	<b>\$ 5,071</b>	<b>\$ 10,560</b>	<b>\$ 14,754</b>	<b>\$ 9,604</b>

**Use of Non-GAAP Financial Information:**

**Adjusted Operating Income (Loss) - Note 2**

(\$ in thousands)	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012
Operating income (loss)	1,668	2,300	1,178	520	620	(40)	820
Plus: Facility consolidation and severance expenses	-	(563)	-	-	-	-	-
Plus: Impairment of assets	-	-	-	-	-	-	-
Plus: Impairment of goodwill	-	-	-	-	-	-	-
Plus: Manufacturing Realignment	-	-	-	-	219	536	312
<b>Non-GAAP Adj. Operating Income (Loss) (Note 2)</b>	<b>\$ 1,668</b>	<b>\$ 1,738</b>	<b>\$ 1,178</b>	<b>\$ 520</b>	<b>\$ 839</b>	<b>\$ 496</b>	<b>\$ 1,132</b>

**Adjusted Earnings before Interest and Taxes (EBIT) - Note 3**

(\$ in thousands)	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012
Net income (loss) as reported	623	766	(43)	(361)	(181)	(433)	102
Less: Income (loss) from discontinued, net tax	(21)	(42)	(65)	(158)	(77)	(29)	(167)
Plus: Taxes	109	582	(44)	36	(5)	(303)	(41)
Plus: Interest	932	900	904	735	726	762	781
<b>Non-GAAP Adjusted EBIT (Note 3)</b>	<b>\$ 1,685</b>	<b>\$ 2,290</b>	<b>\$ 882</b>	<b>\$ 568</b>	<b>\$ 617</b>	<b>\$ 55</b>	<b>\$ 1,009</b>

**Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) - Note 4**

(\$ in thousands)	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012
Non-GAAP Adjusted EBIT (from above)	1,685	2,290	882	568	617	55	1,009
Plus: Depreciation and amortization	2,519	2,360	2,422	2,348	2,402	2,379	2,355
Plus: Facility consolidation and severance expenses	-	(563)	-	-	-	-	-
Plus: Impairment of assets	-	-	-	-	-	-	-
Plus: Impairment of goodwill	-	-	-	-	-	-	-
Plus: Manufacturing realignment	-	-	-	-	219	536	312
Plus: Other (income) expense - net	(17)	10	296	(48)	3	(95)	(189)
<b>Non-GAAP Adjusted EBITDA (Note 4)</b>	<b>\$ 4,188</b>	<b>\$ 4,099</b>	<b>\$ 3,599</b>	<b>\$ 2,869</b>	<b>\$ 3,241</b>	<b>\$ 2,875</b>	<b>\$ 3,487</b>

Due to rounding, totals of the quarterly information for each of the years reflected may not necessarily equal the annual totals.

## Non-GAAP Information



### Use of Non-GAAP Financial Information:

(\$ in thousands)	Free Cash Flow (FCF) - Note 5						
	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012
Non-GAAP Adjusted EBIT (from above)	1,685	2,290	882	568	617	55	1,009
Times: 1 - Tax Rate = EBIAT	1,096	1,489	573	369	401	36	656
Plus: Depreciation and Amortization	2,519	2,360	2,422	2,348	2,402	2,379	2,355
Plus: Non Cash Impairment of Assets and Goodwill	-	-	-	-	-	-	-
Minus: Net change in Working Capital	5,110	(779)	1,991	3,599	5,431	4,250	812
Non-GAAP Cash from Operations	(1,495)	4,628	1,004	(881)	(2,628)	(1,835)	2,199
Minus: Capital Expenditures net of Asset Sales	1,100	1,038	2,053	2,544	1,132	557	298
Non-GAAP Free Cash Flow (Note 5)	(2,595)	3,590	(1,049)	(3,425)	(3,760)	(2,392)	1,901
Current Assets	108,035	111,153	111,280	100,999	106,235	111,395	111,841
Current Liabilities	46,429	50,326	48,462	34,582	34,387	35,297	34,931
Net Working Capital	61,606	60,827	62,818	66,417	71,848	76,098	76,910
Change in Net Working Capital	5,110	(779)	1,991	3,599	5,431	4,250	812

Due to rounding, totals of the quarterly information for each of the years