

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): May 7, 2012



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

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 May 7, 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.

Item 9.01 Financial Statements and Exhibits.

- (c) Exhibits
(99.1) Presentation Materials, May 7, 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: May 7, 2012

THE DIXIE GROUP, INC.

/s/ Jon A. Faulkner

Jon A. Faulkner

Chief Financial Officer



Exhibit 99.1



THE DIXIE GROUP

**May 2012
Investor
Presentation**

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

Phone: 706-876-5814

jon.faulkner@dixiegroup.com

Forward Looking Statements

The Dixie Group, Inc.



- 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 future₃



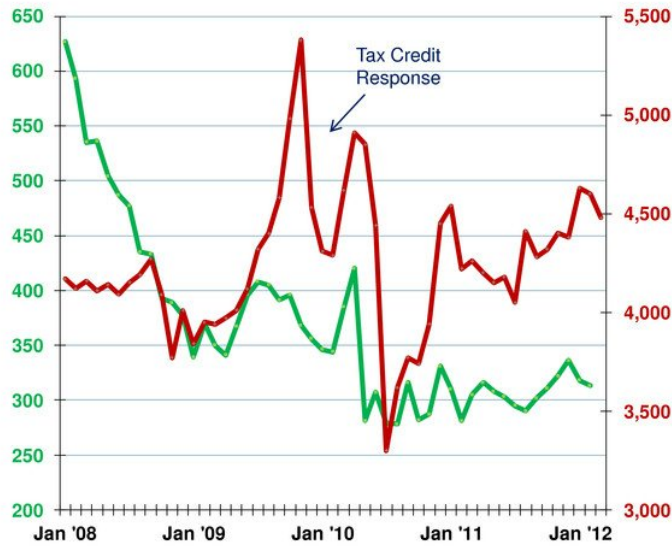
- Commitment to brands in the upper-end market with strong growth potential
- Diversified between Commercial and Residential markets
- Diversified customer base
 - Top 10 carpet customers
 - 17% of sales
 - Top 20 carpet customers
 - 20% of sales

New and Existing Home Sales Seasonally Adjusted Rate



New 1,000

Existing 1,000



Source: National Association of Realtors (existing) and census.gov (new)

March 2011:

- Existing home sales up 5% from a year ago and on a steady recovery
- New home sales have been near the 310,000 rate for over a year
- "Existing-home sales are moving up and down in a fairly narrow range that is well above the level of activity during the first half of last year. With job growth, low interest rates, bargain home prices and an improving economy, the pent-up demand is coming to market and we expect housing to be notably better this year."

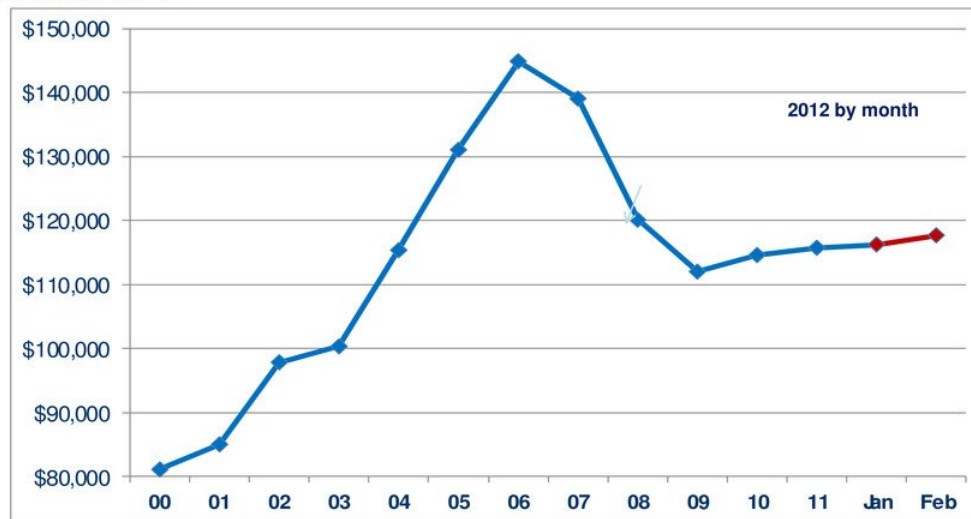
Lawrence Yun, Chief Economist for the National Association of Realtors

Residential Remodeling Owner-Occupied Improvements*



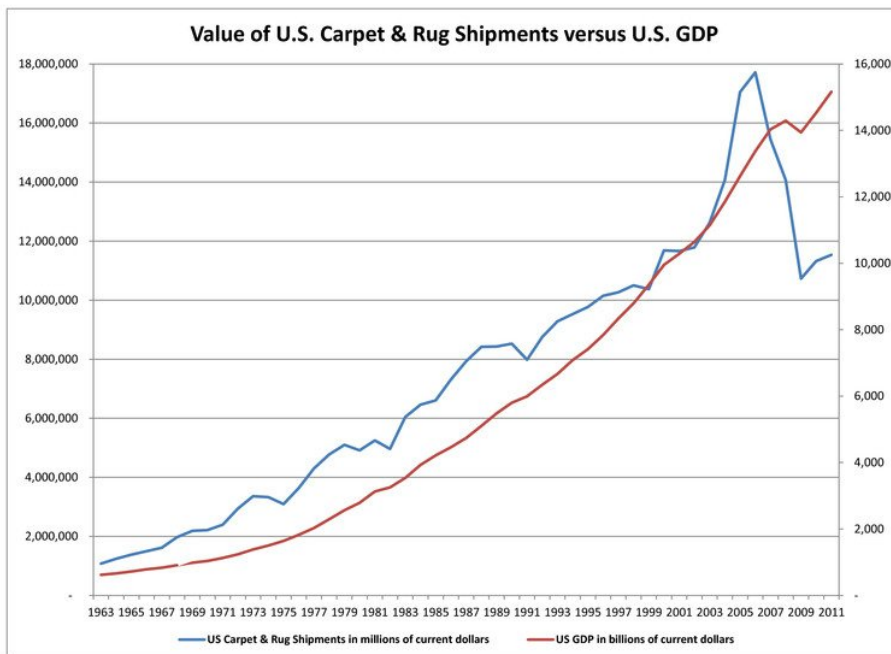
Steady recovery in 2009 through 2011 with predicted similar pattern for 2012.

Millions of dollars



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

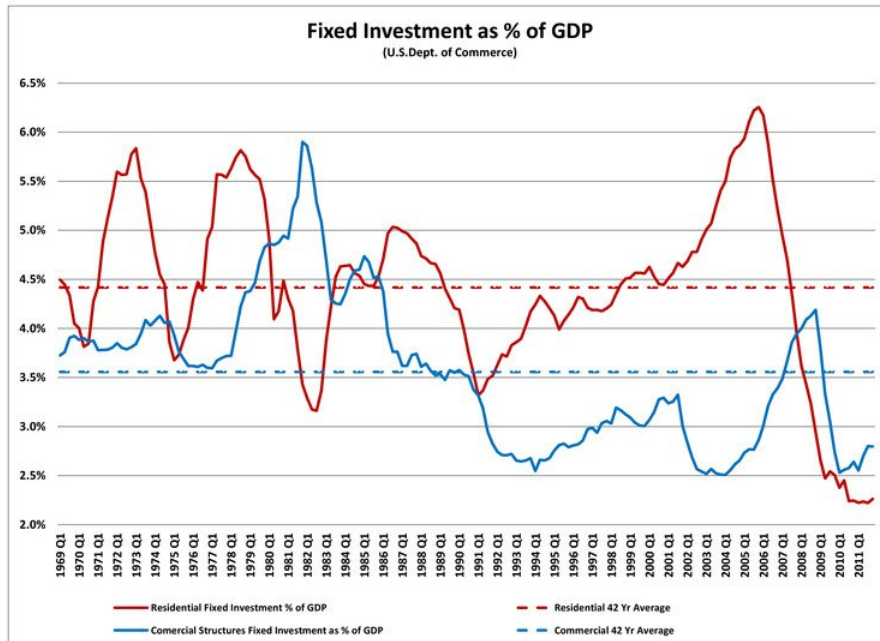
The Industry versus GDP



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

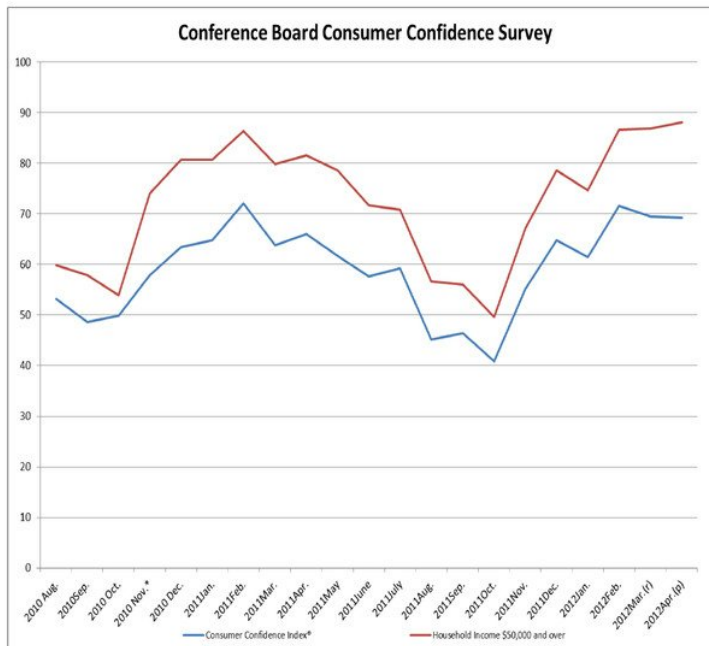
Residential and Commercial Fixed Investment



No rebound
in
residential
activity

Slight
rebound in
commercial
activity

Consumer Sentiment Conference Board

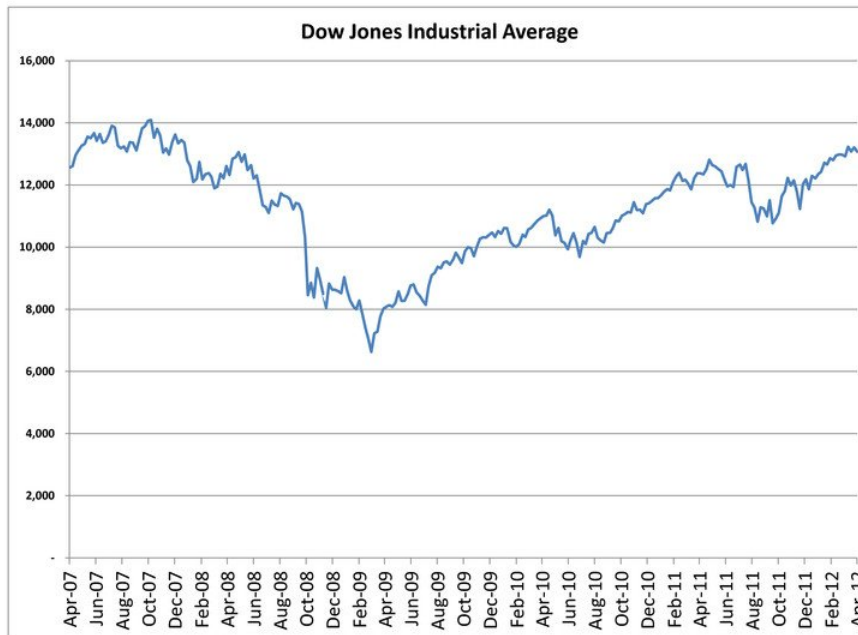


April 2012:

- Consumer sentiment is moderating (blue)
- Upper-end consumer confidence is up (red)
- "Consumer Confidence was virtually unchanged in April" "Overall, consumers are more upbeat about the state of the economy, but they remain cautiously optimistic."
- Lynn Franco,
Director of The
Conference Board
Consumer Research
Center.

1966 = 100

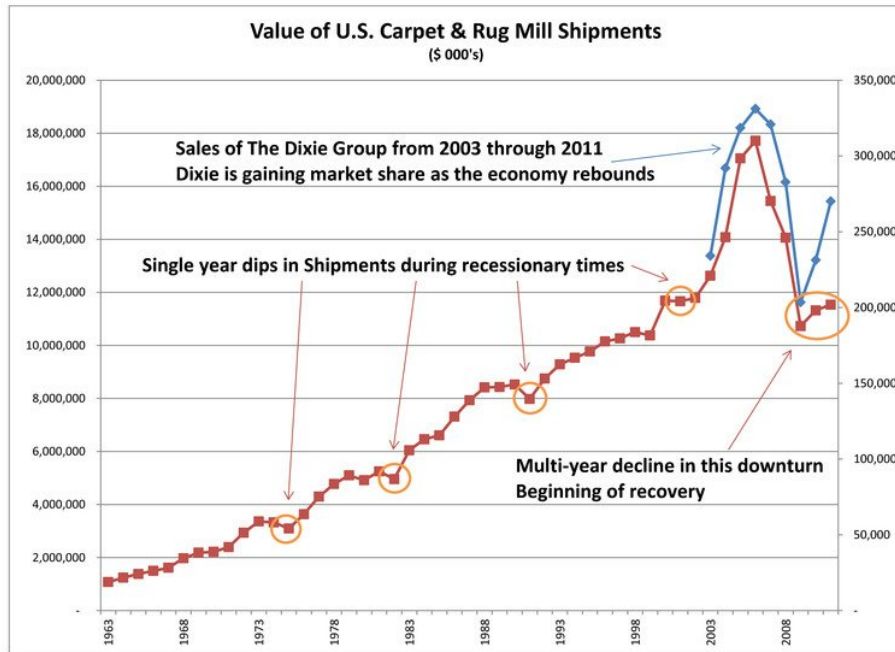
The Stock Market



April 2012

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

The Industry



Source: U.S. Bureau of Economic Analysis

2010 U.S. Carpet Manufacturers



Carpet & Rug Sales	Dollars in Millions		% Total
Shaw	\$	3,024	31.2%
Mohawk	\$	2,442	25.2%
Beaulieu	\$	896	9.2%
Interface	\$	496	5.1%
Dixie	\$	225	2.3%
Other	\$	2,618	27.0%
Market	\$	9,701	100.0%

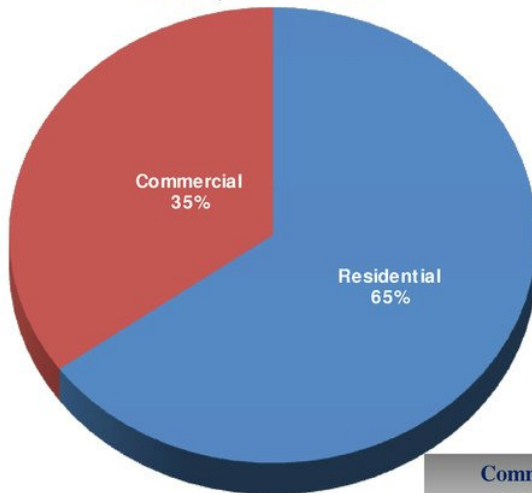
Source: Floor Focus

The Industry



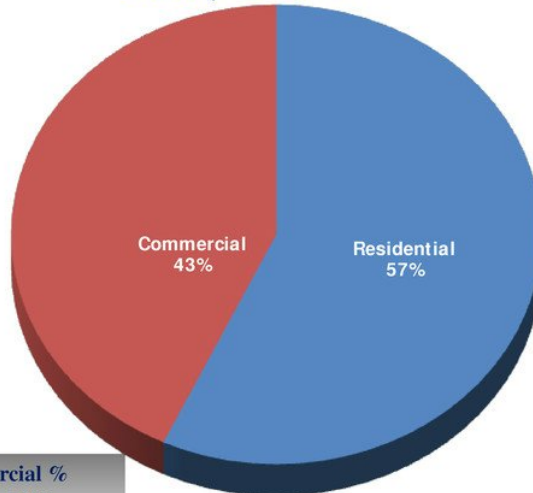
2006 Carpet End Use

Sales \$10.19 Billion



2011 Carpet End Use

Sales \$7.16 Billion

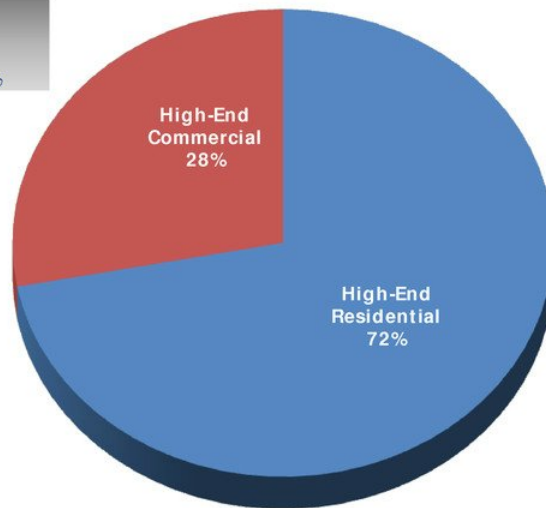


Commercial %
2001 – 2011
From 32% to 43%

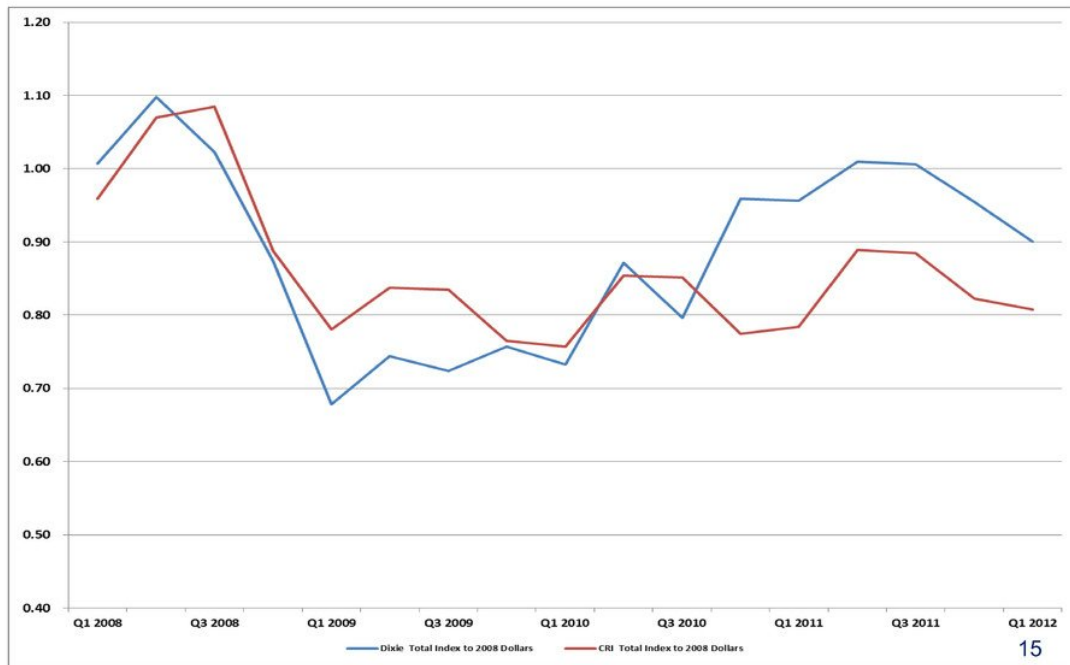
Source: Floor Focus – Broadloom & Carpet Tile

Dixie TTM Q1 2012 Carpet and Rug Sales by End Market

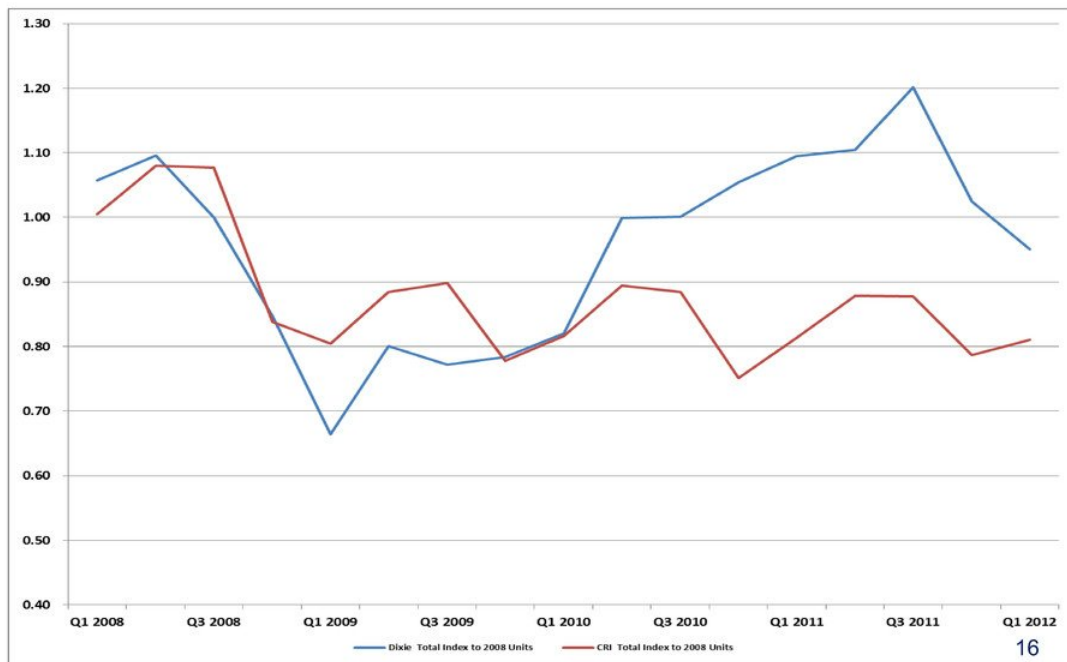
Commercial %
2001 – 2011
From 29% to 38%



Carpet Dollar Sales Indexed to 2008

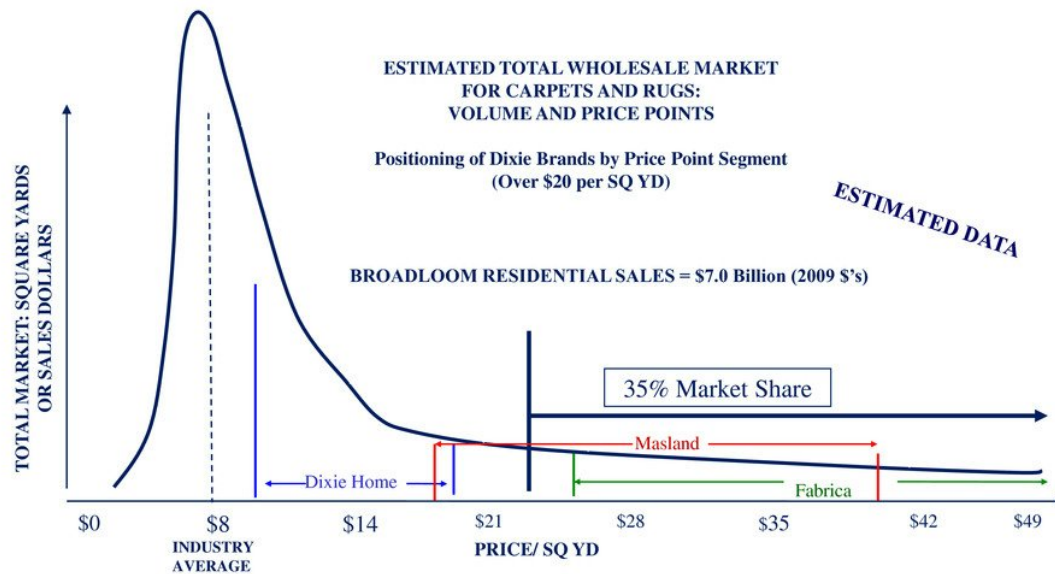


Carpet Unit Sales Indexed to 2008



Residential Positioning

The Dixie Group



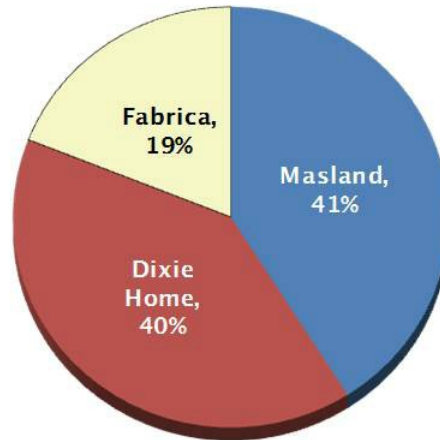
Note: Industry average price is based on sales reported through industry sources.

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

Dixie Group High-End Residential Sales All Brands



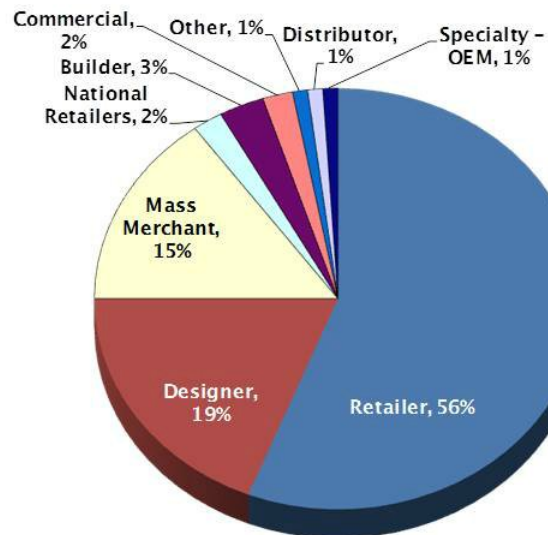
TTM Q1 2012



Dixie Group High-End Residential Sales All Brands

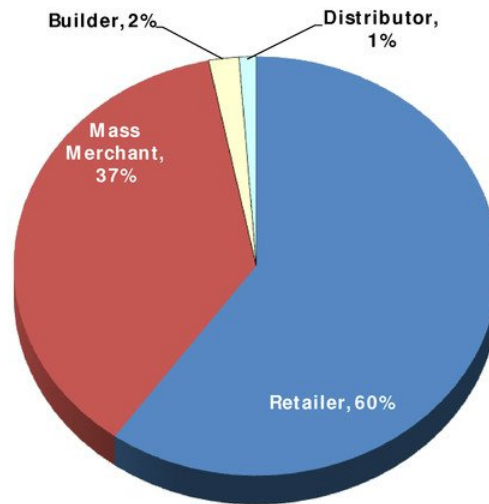


Sales by Channel for TTM Q1 2012





Sales by Channel for TTM Q1 2012

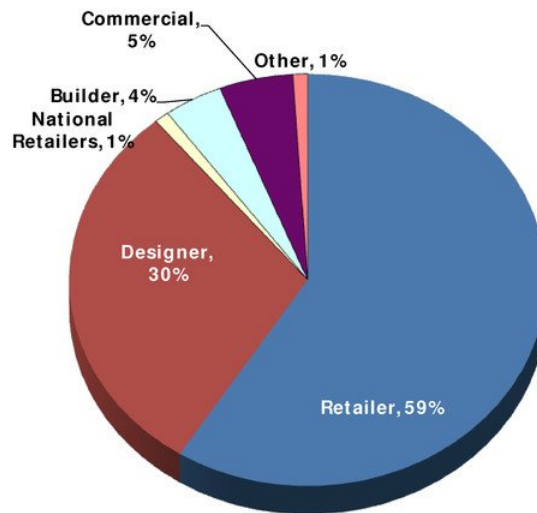




- Well-styled moderate to upper priced residential broadloom line
- Dixie provides a “full line” to retailers
- Leverage needed by fiber suppliers for market access
- Selective distribution strategy attractive to retailers
- Growth initiatives
 - Stainmaster® SolarMax® Fiber Technology
 - Durasilk (polyester)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



Sales by Channel for TTM Q1 2012

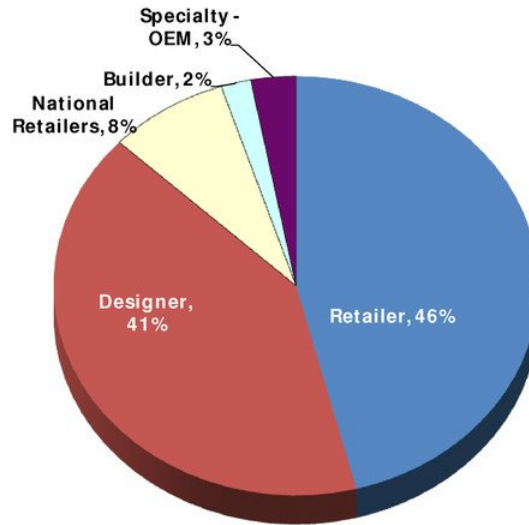




- Leading high-end brand with reputation for innovative styling, design and color
- High-end retail / designer driven
- Hand crafted and imported rugs
- Growth initiative
 - Stainmaster® TruSoft™ Fiber Technology
 - Wool products
 - Introduced in 2007
 - Now offering complete line to the industry



Sales by Channel for TTM Q1 2012

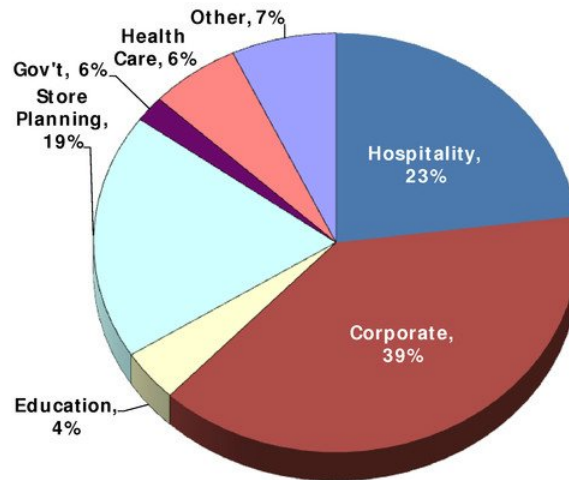




- Premium high-end brand
 - Superior quality in all aspects
- Designer focused
- Hand crafted and imported rugs
- Growth initiative
 - Stainmaster® TruSoft™ Fiber Technology
 - Focus on retail penetration
 - Full service supplier of wool to the designer trade with excellent service and support



Sales by Channel for TTM Q1 2012



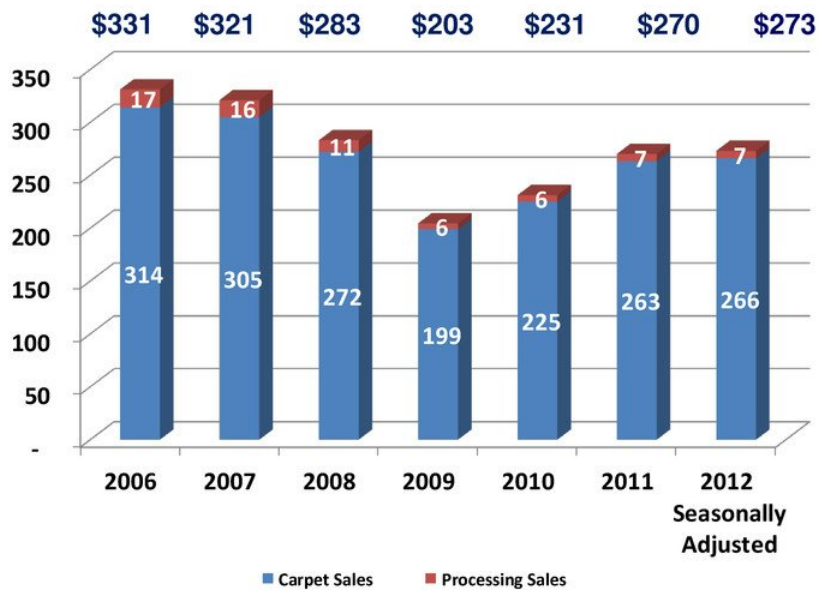
Channels: Interior Design Specifier and Commercial End User



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

Dixie Group Sales

\$ in millions



Sales & Operating Income

\$ in millions



	<u>Y 2007</u>	<u>Y 2008</u>	<u>Y 2009</u>	<u>Y 2010</u>	<u>Y 2011</u>
Net Sales	320.8	282.7	203.5	231.3	270.1
Net Income (Loss)	6.2	(31.5)	(42.2)	(4.7)	1.0
Non-GAAP Adjusted Operating Income (Loss)	16.7	1.5	(8.4)	(1.0)	5.1
Non-GAAP Adjusted EBITDA	29.6	15.2	5.1	10.6	14.8

	<u>Q1 2011</u>	<u>Q2 2011</u>	<u>Q3 2011</u>	<u>Q4 2011</u>	<u>Q1 2012</u>
Net Sales	66.0	69.2	69.6	65.3	62.9
Net Income (Loss)	0.6	0.8	(0.0)	(0.4)	(0.2)
Non-GAAP Adjusted Operating Income (Loss)	1.7	1.7	1.2	0.5	0.6
Non-GAAP Adjusted EBITDA	4.2	4.1	3.6	2.9	3.0

Note: Q1 2011 had 14 operating weeks, all other periods had 13 operating weeks

- In 2012 we:
 - Improved Net Sales by 2.6% in Q1 while the industry is up < 2%
 - Plan capital expenditures of \$6.0 million vs. D & A of \$9.5 million

Note: Non-GAAP reconciliation starting on slide 33

Current Business Conditions 2012 Activity



Sales Activity:

- First quarter on a similar weeks basis to 2011, sales up 2.6%
 - Masland and Fabrica residential carpet sales up double digits
 - Total residential up nearly 6%
 - Commercial growth has slowed from previous quarters
- Opportunities in new products:
 - One of three mills introducing Stainmaster® SolarMax® products, offering inherent stain and fade resistance
 - One of two mills introducing Stainmaster® TruSoft™ products, offering the new standard in “soft”
 - Introducing 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

Outlook

Current quarter



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

- Dixie's high end goods are growing faster than the lower end
- Positive market reception to our new products:
 - Masland and Fabrica Wool Collections continued growth
 - Masland Avenue – new technology with a woven look
 - New Stainmaster® SolarMax® and TruSoft™ products
- Our customer is increasing in confidence as the economy improves
- Having invested significantly in our capabilities for future growth and established our financial structure for the next 5 years

.....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



Non-GAAP Information



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 Incomes 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)	Q1 2011	Q1 2012	Y/Y Qtr Chge
Weeks in Period	14	13	
Net Sales as Reported	65,954	62,851	-4.7%
Adjustment for Weeks	(4,711)	-	7.3%
Non-GAAP Net Sales as Adjusted (Note 1)	\$ 61,243	\$ 62,851	2.6%

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
Operating income (loss)	16,707	(28,460)	(45,389)	(2,570)	5,668
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	-	-
Non-GAAP Adjusted Operating Income (Loss) (Note 2)	\$ 16,707	\$ 1,456	\$ (8,433)	\$ (1,014)	\$ 5,105
Adjusted Earnings before Interest and Taxes (EBIT) - Note 3					
(\$ in thousands)	2007 (a)	2008 (a)	2009 (a)	2010	2011
Net income (loss) as reported	6,247	(31,481)	(42,241)	(4,654)	986
Less: Income (loss) from discontinued operations, net of	(521)	(313)	(382)	(281)	(286)
Plus: Taxes	3,686	(2,931)	(8,870)	(2,604)	684
Plus: Interest	6,347	5,965	5,521	4,124	3,470
Non-GAAP Adjusted EBIT (Note 3)	\$ 16,801	\$ (28,134)	\$ (45,208)	\$ (2,853)	\$ 5,426
Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) - Note 4					
(\$ in thousands)	2007 (a)	2008 (a)	2009 (a)	2010	2011
Non-GAAP Adjusted EBIT (from above)	16,801	(28,134)	(45,208)	(2,853)	5,426
Plus: Depreciation and amortization	12,941	13,752	13,504	11,575	9,649
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: Other (income) expense - net	(94)	(326)	(181)	282	242
Non-GAAP Adjusted EBITDA (Note 4)	\$ 29,648	\$ 15,208	\$ 5,071	\$ 10,560	\$ 14,754

Use of Non-GAAP Financial Information:

Adjusted Operating Income (Loss) - Note 2					
(\$ in thousands)	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012
Operating income (loss)	1,668	2,300	1,178	520	620
Plus: Facility consolidation and severance expenses	-	(563)	-	-	-
Plus: Impairment of assets	-	-	-	-	-
Plus: Impairment of goodwill	-	-	-	-	-
Non-GAAP Adj. Operating Income (Loss) (Note 2)	\$ 1,668	\$ 1,738	\$ 1,178	\$ 520	\$ 620
Adjusted Earnings before Interest and Taxes (EBIT) - Note 3					
(\$ in thousands)	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012
Net income (loss) as reported	623	766	(43)	(361)	(181)
Less: Income (loss) from discontinued, net tax	(21)	(42)	(65)	(158)	(77)
Plus: Taxes	109	582	(44)	36	(5)
Plus: Interest	932	900	904	735	726
Non-GAAP Adjusted EBIT (Note 3)	\$ 1,685	\$ 2,290	\$ 882	\$ 568	\$ 617
Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) - Note 4					
(\$ in thousands)	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012
Non-GAAP Adjusted EBIT (from above)	1,685	2,290	882	568	617
Plus: Depreciation and amortization	2,519	2,360	2,422	2,348	2,402
Plus: Facility consolidation and severance expenses	-	(563)	-	-	-
Plus: Impairment of assets	-	-	-	-	-
Plus: Impairment of goodwill	-	-	-	-	-
Plus: Other (income) expense - net	(17)	10	296	(48)	3
Non-GAAP Adjusted EBITDA (Note 4)	\$ 4,188	\$ 4,099	\$ 3,599	\$ 2,869	\$ 3,022

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:

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

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