



THE DIXIE GROUP

Exhibit 99.1

**March 2017
Investor Presentation**

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

Phone: 706-876-5814

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.

Dixie History



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- 1920 Began as Dixie Mercerizing in Chattanooga, TN
- 1990's Transitioned from textiles to floorcovering
- 2003 Refined focus on upper- end floorcovering market
- 2003 Launched Dixie Home - upper end residential line
- 2005 Launched modular tile carpet line – new product category
- 2007 Launched wool products in Masland & Fabrica – high-end designers
- 2010 Residential “soft products” growth strategy
- 2012 New Masland Contract management – performance tile strategy
- 2012 Purchased Colormaster dye house – lower cost
- 2012 Purchased Crown rugs – wool rugs
- 2013 Purchased Robertex - wool carpet manufacturing
- 2014 Expanded and realigned manufacturing to increase capacity
- 2014 Purchased Atlas Carpet Mills – high-end commercial business
- 2014 Purchased Burtco - computerized yarn placement for hospitality



- Commitment to brands in the upper-end market with strong growth potential.
- Diversified between Commercial and Residential markets.
- Diversified customer base (TTM Basis)
 - Top 10 carpet customers
 - 14.6% of sales
 - Top 100 carpet customers
 - 28.4% of sales

Dixie Group Drivers

What affects our business?



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The market dynamics:

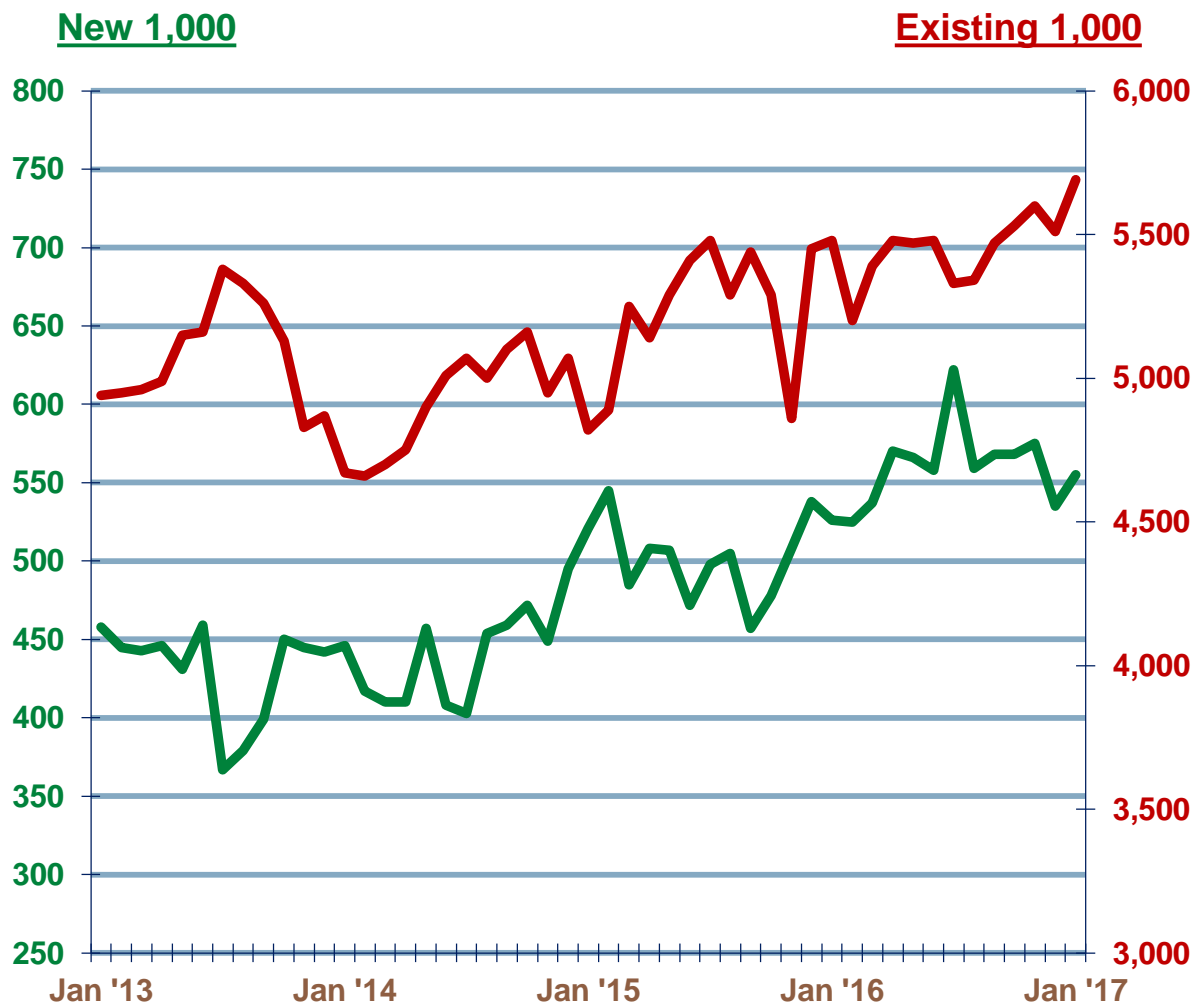
- Residentially
 - The market is driven by home sales and remodeling.
 - New construction is a smaller effect.
 - Dixie is driven by the wealth effect.
 - The stock market and consumer confidence.
- Commercially
 - The market is driven by remodeling of offices, schools, retail and hospitality as demonstrated by the investment in non-residential fixed structures.
 - Dixie is driven by upper-end remodeling in offices, retail remodeling, higher education, and upper-end hospitality that primarily involves a designer.

New and Existing Home Sales

Seasonally Adjusted Annual Rate



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- “Given current population and economic growth trends, housing starts should be in the range of 1.5 million to 1.6 million completions and not stuck at recessionary levels.”
- “Much of the country saw robust sales activity last month as strong hiring and improved consumer confidence at the end of last year appear to have sparked considerable interest in buying a home.”

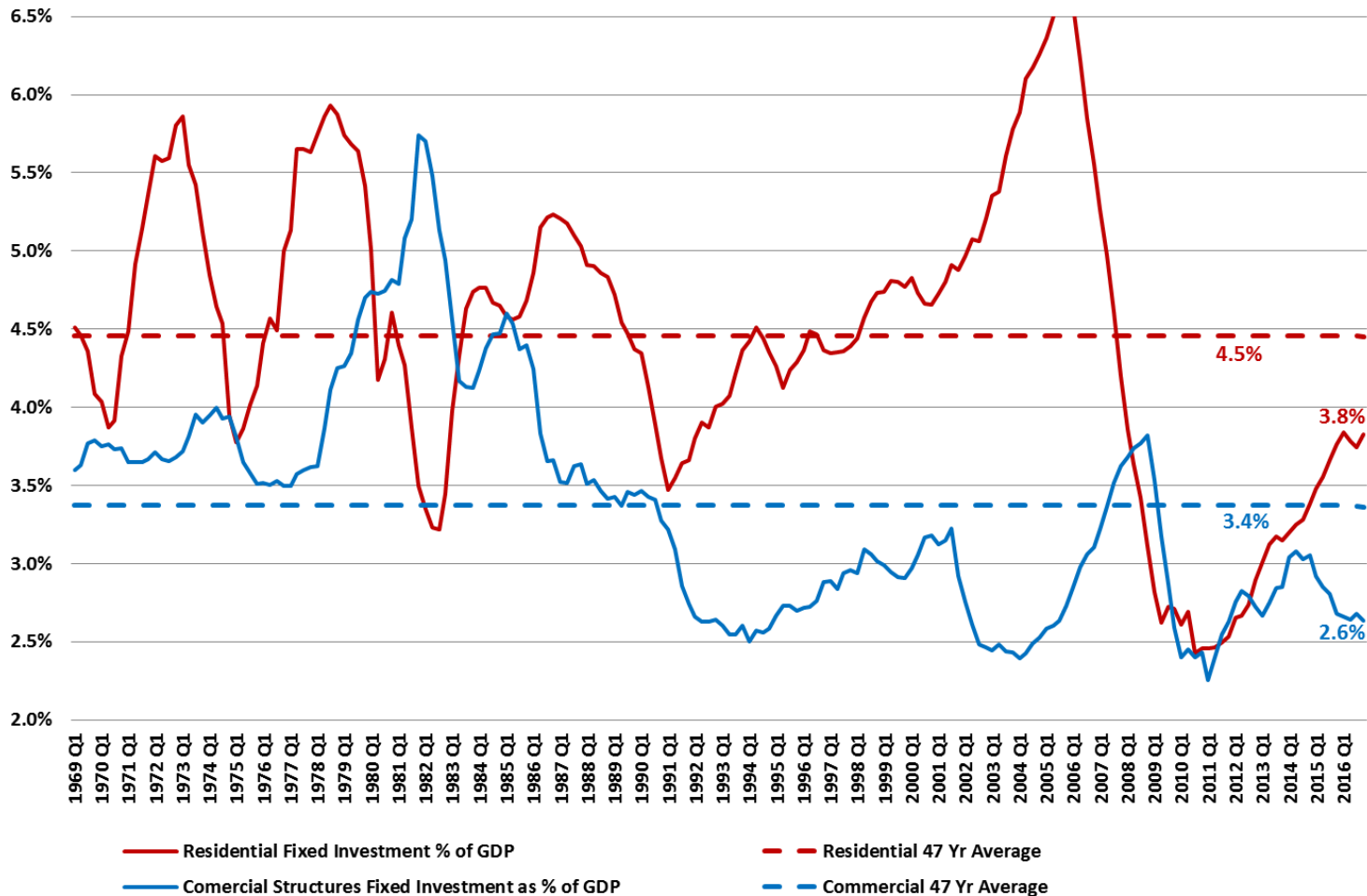
Lawrence Yun
 Chief Economist
 National Association of Realtors
 January 24, 2017 and
 February 22, 2017

Residential and Commercial Fixed Investment



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Fixed Investment as % of GDP
(U.S. Dept. of Commerce)



Rebound in residential activity

Commercial activity is flat

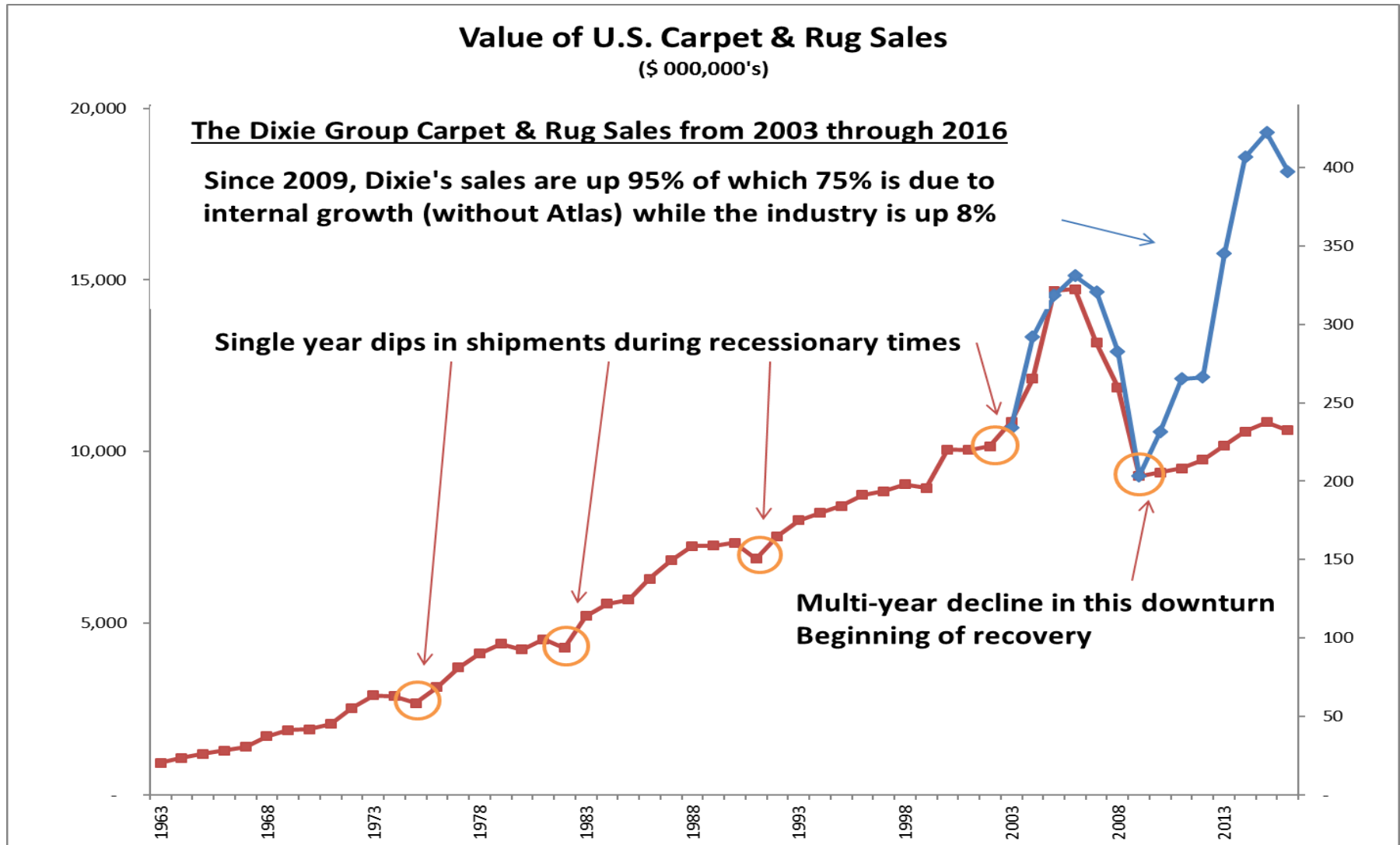
We expect 2017 to continue the rebound of residential fixed investment as a percent of GDP

The Industry as compared to The Dixie Group



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Value of U.S. Carpet & Rug Sales
(\$ 000,000's)





2015 U.S. Flooring Manufacturers

Carpet & Rug Leaders	Carpet \$ in millions	Carpet %	Flooring \$ in millions	Flooring %
Shaw (Berkshire Hathaway)	\$ 3,200	29.5%	3,929	19.1%
Mohawk (MHK)	\$ 2,653	24.5%	4,585	22.3%
Engineered Floors (Private)	\$ 540	5.0%	540	2.6%
Interface (TILE)	\$ 520	4.8%	520	2.5%
Beaulieu (Private)	\$ 504	4.6%	524	2.6%
Dixie (DXYN)	\$ 419	3.9%	419	2.0%
Imports & All Others	\$ 3,016	27.7%	10,009	48.9%
U.S. Carpet & Rug Market	\$ 10,852	100%	20,526	100.0%

Source: Floor Focus

Carpet includes sales of carpet as broadloom, modular tile and rugs

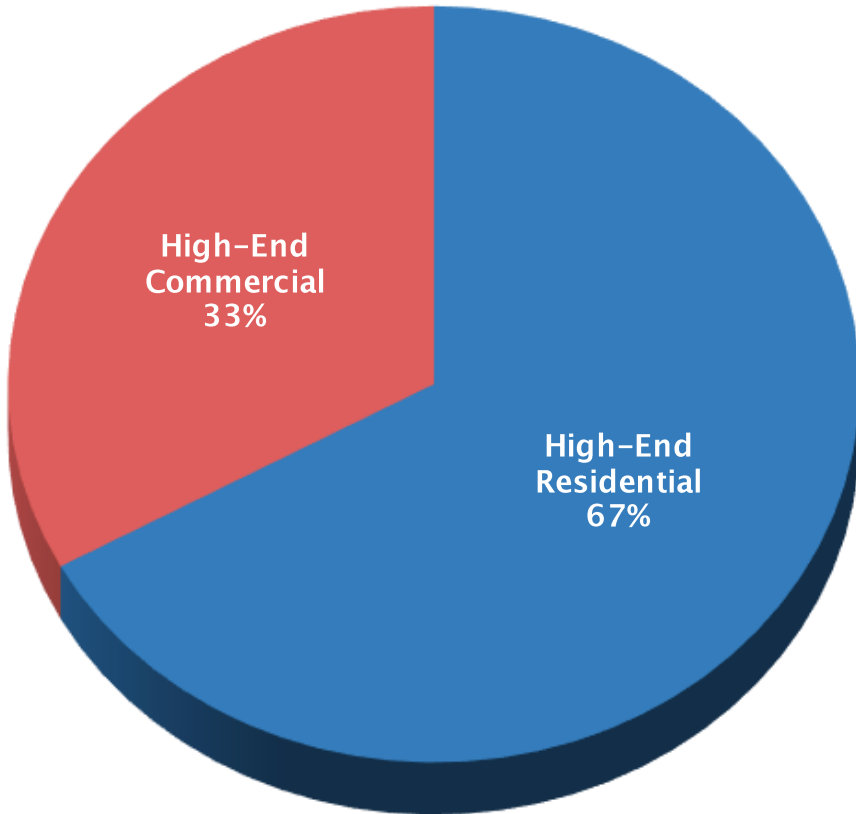
Flooring includes sales of carpet, rugs, ceramic floor tile, wood, laminate, resilient and rubber 9

Dixie versus the Industry

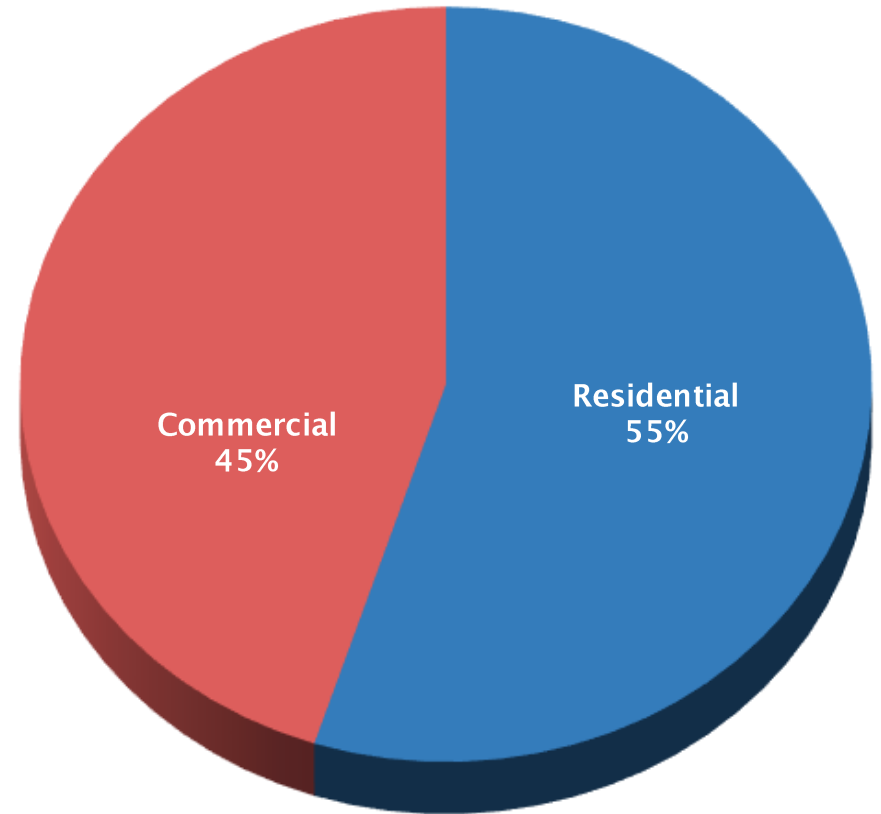


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2016 Dixie sales



2016 U.S. Carpet & Rug Market of \$10.5 billion

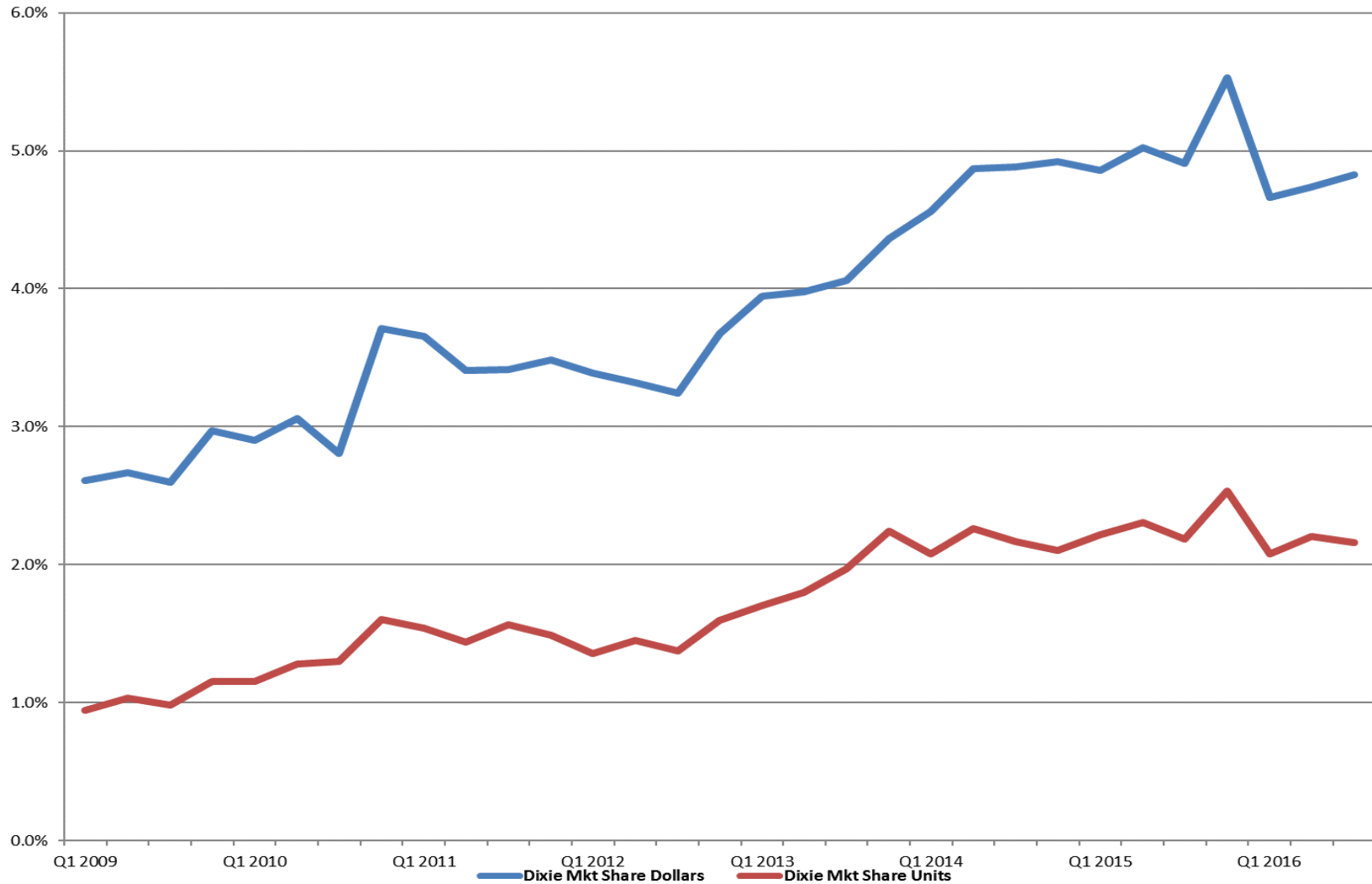


Carpet Growth

Dixie Market Share in Dollars and Units



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Industry Positioning

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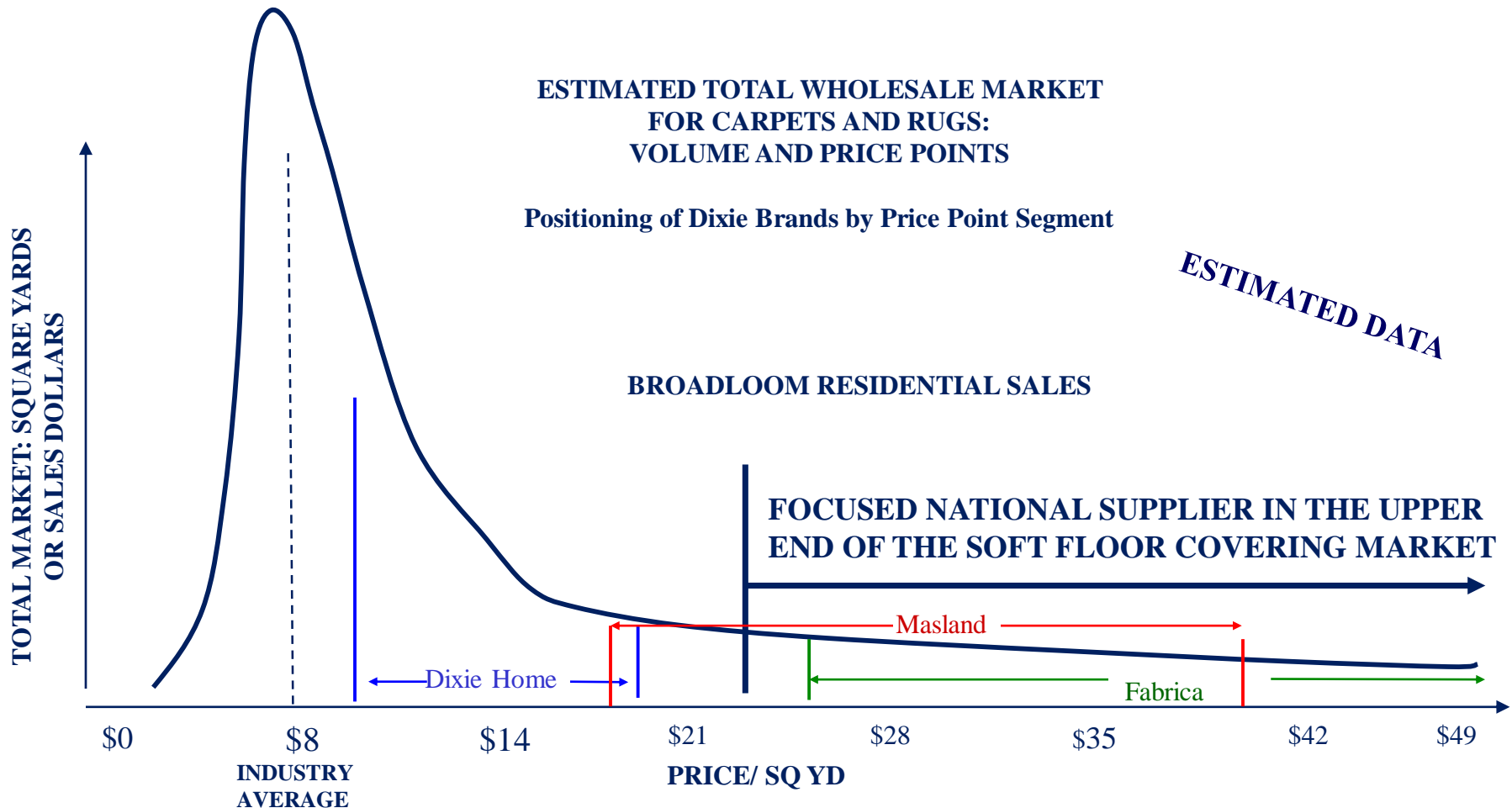
- Strategically our residential and commercial businesses are driven by our relationship to the upper-end consumer and the design community
- This leads us to:
 - Have a sales force that is attuned to design and customer solutions
 - Be a “product driven company” with emphasis on the most beautiful and up-to-date styling and design
 - Be quality focused with excellent reputation for building excellent products and standing behind what we make
 - And, unlike much of the industry, not manufacturing driven

Residential Market Positioning

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

Dixie Group High-End Residential Sales

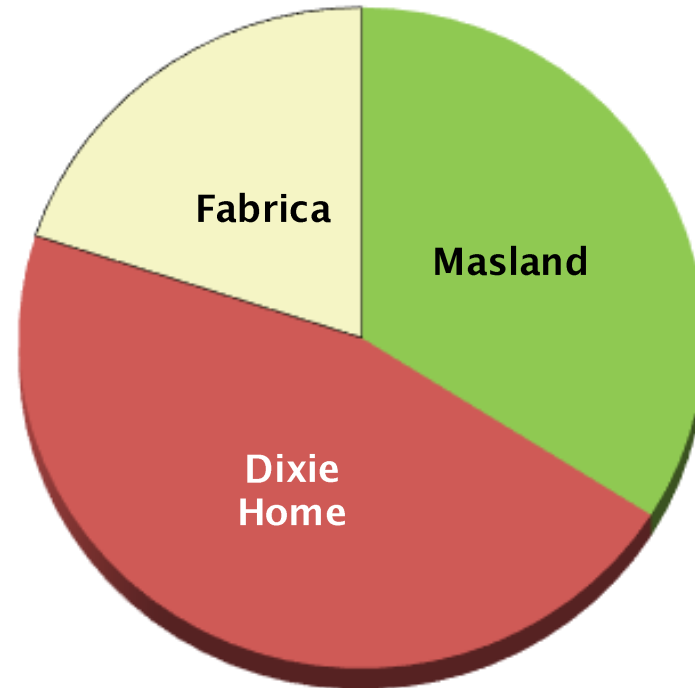
All Residential Brands



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Sales by Brand for 2016



Dixie Group High-End Residential Sales

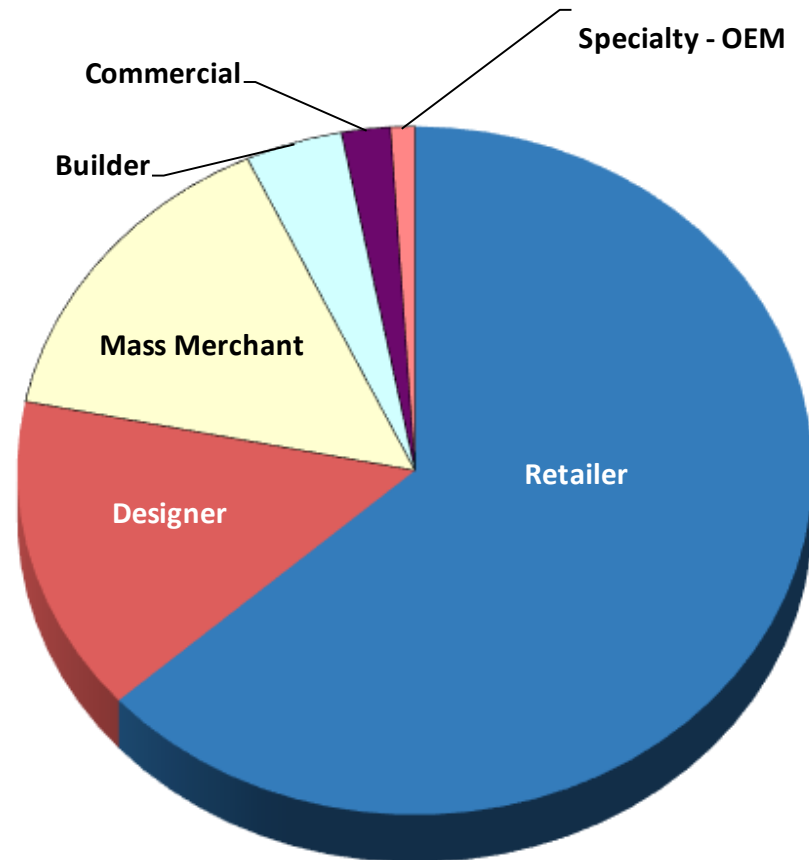
All Brands



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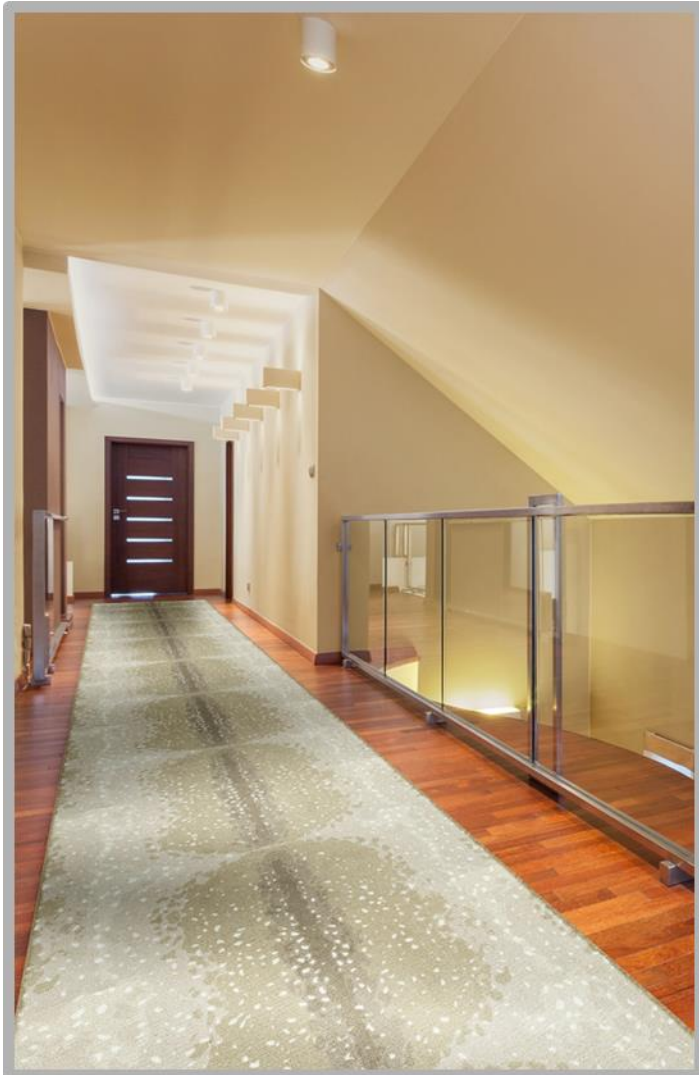
Sales by Channel for 2016



The company believes that a significant portion of retail sales also involve a designer



- Well-styled moderate to upper priced residential broadloom line
 - Known for differentiated pattern and color selection
- Dixie Home provides a “full line” to retailers
 - Sells specialty and mass merchant retailers
- Growth initiatives
 - Stainmaster[®] Tru Soft[™] Fiber Technology
 - Stainmaster[®] PetProtect[®] Fiber Technology



- Leading high-end brand with reputation for innovative styling, design and color
- High-end retail / designer driven
 - Approximately 26% of sales directly involve a designer
 - Hand crafted and imported rugs
- Growth initiative
 - Stainmaster[®] TruSoft[™] Fiber Technology
 - Stainmaster[®] PetProtect[®] Fiber Technology
 - Wool products in both tufted and woven constructions



- Premium high-end brand
 - “Quality without Compromise”
- Designer focused
 - Approximately 32% of sales directly involve a designer
 - Hand crafted and imported rugs
- Growth initiatives
 - Stainmaster® TruSoft™ Fiber Technology
 - Fabrica Permaset dyeing process “unlimited color selection in wool”

Commercial Market Positioning

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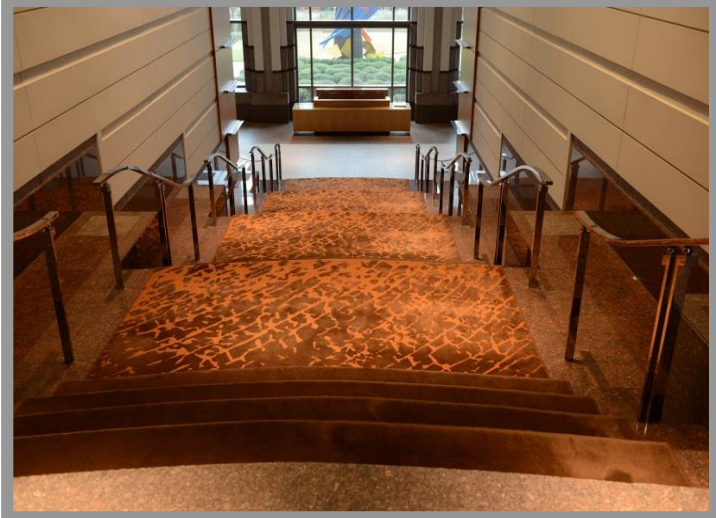
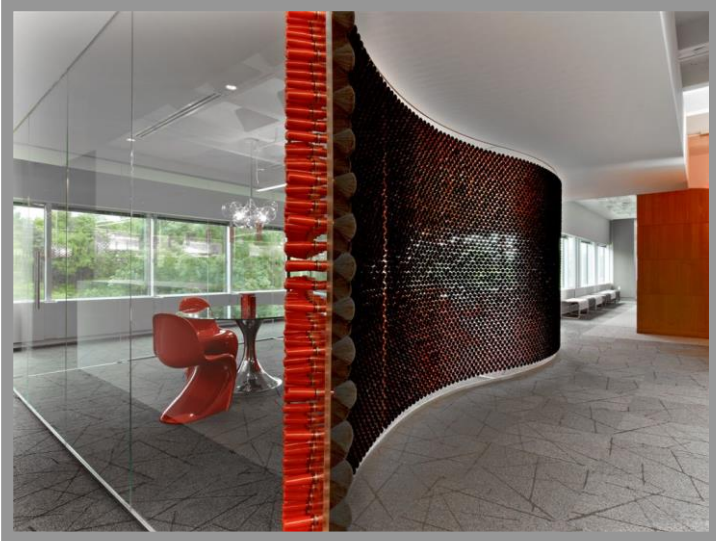
- We focus on the “high-end specified soft floorcovering contract market”
- Our Atlas brand
 - Designer driven focused on the fashion oriented market space
- Our Masland Contract brand
 - Broad product line for diverse commercial markets
- Our Masland Hospitality brand
 - Custom products for the hospitality industry
- Our Masland Residential sales force
 - Sells “main street commercial” through retailers



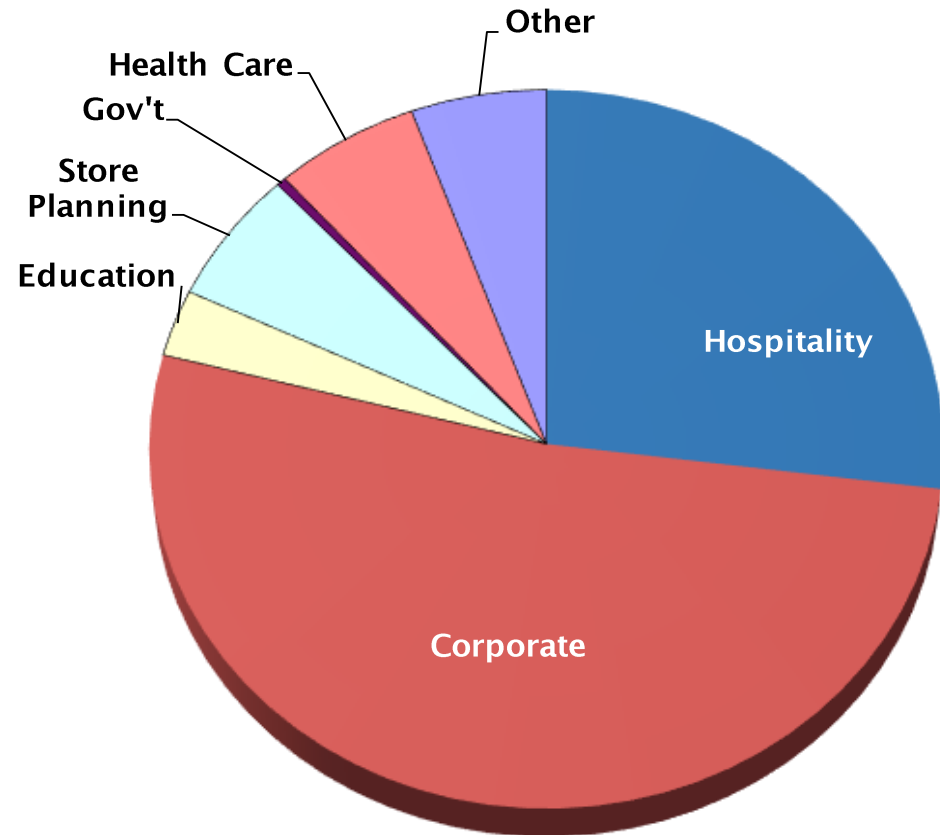
- Atlas is our premium commercial brand
- Dedicated to serving the architect and designer needing finer goods
- Focus is on the corporate market through high fashion broadloom and modular carpet tile offerings
- With state-of-the-art tufting machines Atlas can quickly manufacture both custom and running line products



- Upper-end brand in the specified commercial marketplace
 - Corporate, End User, Store Planning, Hospitality, Health Care, Government and Education markets
- Designer focused
- Strong national account base
- Growth initiatives
 - Masland Contract Modular Carpet Tile
 - Masland Hospitality using “computerized yarn placement” technology
 - Calibre Luxury Vinyl Tile



Sales by Channel for 2016



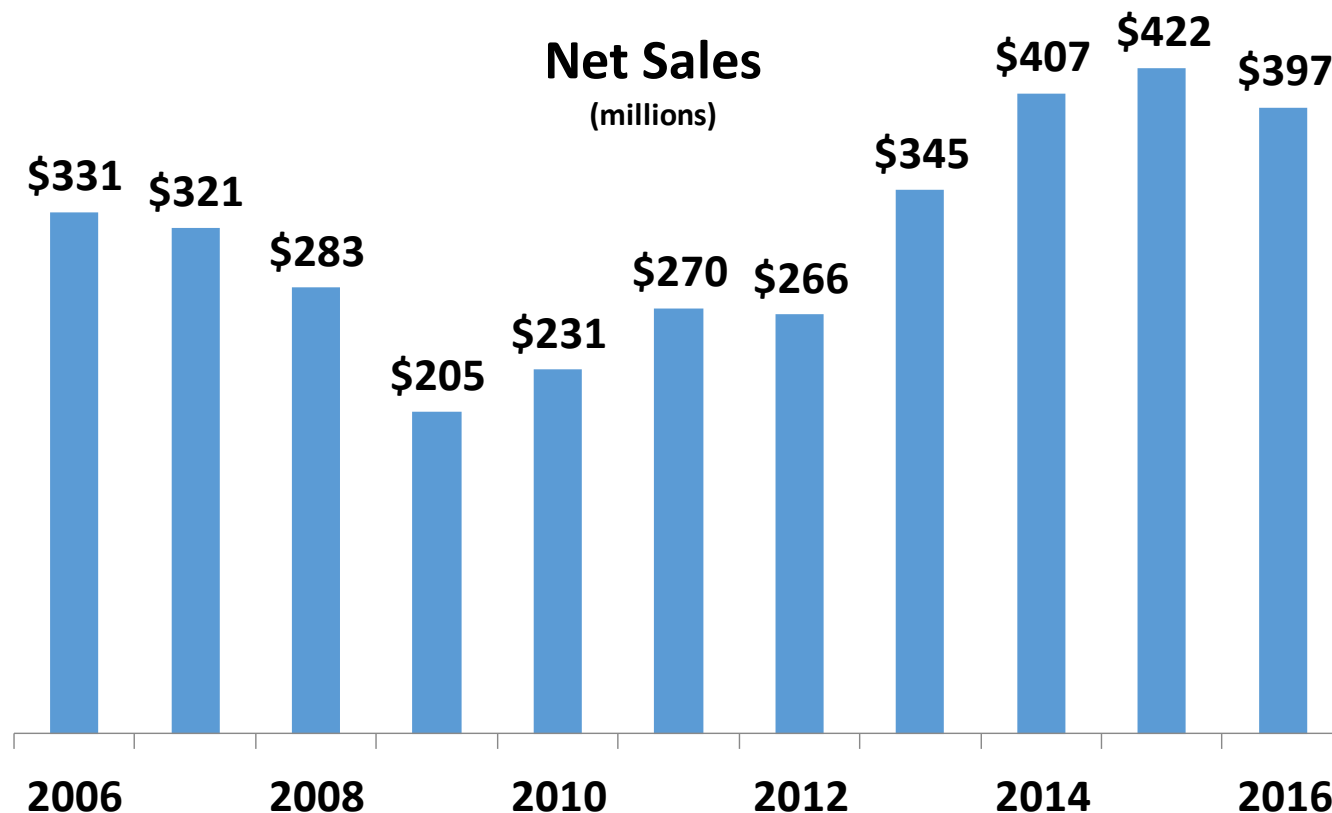
Channels: Interior Design Specifier and Commercial End User

Dixie Group Sales

\$ in millions



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Includes Atlas Carpet Mills since March 2014 and Burtco since September 2014

Sales & Operating Income

\$ in millions



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	<u>Y 2007</u>	<u>Y 2008</u>	<u>Y 2009</u>	<u>Y 2010</u>	<u>Y 2011</u>	<u>Y 2012</u>	<u>Y 2013</u>	<u>Y 2014</u>	<u>Y 2015</u>	<u>Y 2016</u>
Net Sales	321	283	203	231	270	266	344	407	422	397
Net Income (Loss)	6.2	(31.5)	(42.2)	(4.7)	1.0	(0.9)	5.3	(1.4)	(2.4)	(5.3)
Operating Income	16.7	(28.5)	(45.4)	(2.6)	5.7	1.8	8.9	(5.2)	2.0	(3.4)
Non-GAAP Adjusted Op. Income	16.7	1.5	(8.4)	(1.0)	5.1	3.5	16.4	4.7	4.9	(2.0)
EBITDA	29.2	(14.7)	(32.1)	8.4	14.8	11.2	18.7	16.9	15.9	10.0
Non-GAAP Adjusted EBITDA	29.7	15.5	5.3	10.3	14.5	13.2	26.5	17.7	19.0	11.5

	<u>Q3 2014</u>	<u>Q4 2014</u>	<u>Q1 2015</u>	<u>Q2 2015</u>	<u>Q3 2015</u>	<u>Q4 2015</u>	<u>Q1 2016</u>	<u>Q2 2016</u>	<u>Q3 2016</u>	<u>Q4 2016</u>
Net Sales	109.0	104.6	95.9	110.0	108.9	107.8	89.2	105.3	100.3	102.6
Net Income (Loss)	(0.2)	(5.2)	(2.5)	0.5	0.1	(0.5)	(4.8)	1.7	0.5	(2.7)
Operating Income	0.8	(4.4)	(2.7)	2.2	1.3	1.2	(5.8)	3.4	1.9	(2.9)
Non-GAAP Adjusted Op. Income	3.4	(0.6)	(1.9)	3.1	1.9	1.9	(4.4)	3.8	1.9	(3.3)
EBITDA	4.2	(2.6)	0.9	5.8	4.9	4.4	(2.4)	6.8	5.3	0.3
Non-GAAP Adjusted EBITDA	6.8	2.8	1.7	6.7	5.5	5.1	(0.9)	7.1	5.3	0.0

<u>Change Year over Year</u>	<u>Q3 2014</u>	<u>Q4 2014</u>	<u>Q1 2015</u>	<u>Q2 2015</u>	<u>Q3 2015</u>	<u>Q4 2015</u>	<u>Q1 2016</u>	<u>Q2 2016</u>	<u>Q3 2016</u>	<u>Q4 2016</u>
Net Sales	19.1	9.2	10.8	2.0	(0.1)	3.2	(6.6)	(4.6)	(8.6)	(5.2)
Net Sales % Change	21.2%	9.6%	12.7%	1.9%	-0.1%	3.1%	-6.9%	-4.2%	-7.9%	-4.8%
Net Income (Loss)	(1.6)	(6.8)	(7.1)	1.1	0.3	4.7	(2.3)	1.2	0.5	(2.2)
Operating Income	0.8	(4.4)	(2.7)	2.2	0.4	5.7	(3.2)	1.2	0.7	(4.1)
Non-GAAP Adjusted Op. Income	(1.3)	(4.5)	(1.0)	0.2	(1.5)	2.6	(2.5)	0.8	0.0	(5.2)
EBITDA	4.2	(2.6)	0.9	5.8	0.7	6.9	(3.2)	1.0	0.4	(4.1)
Non-GAAP Adjusted EBITDA	(0.7)	(3.5)	(0.4)	0.6	(1.2)	2.3	(2.7)	0.4	(0.2)	(5.1)

Note: 2011 and 2016 have 53 operating weeks, all other periods had 52 operating weeks

Note: Non-GAAP reconciliation starting on slide 27

Current Business Conditions

2017 Initiatives



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- We have improved our quality, delivery and production throughput as our new associates are now trained and productive.
- We have completed our facility consolidation plan, separating our east coast residential and commercial businesses, and the consolidation of our west coast coater operations, streamlining our operations.
- We reduced our inventory by \$17.9 million in 2016, thus aligning sales and production levels for 2017.
- We refinanced our long term debt, pushing out the maturity to 2021.
- Masland Contract launched the new Calibr  luxury vinyl tile line.
- We have launched Stainmaster PetProtect[®] luxury vinyl tile through our Masland and Dixie Home residential brands with its “Claw Scratch Shield” and “Pet Traction Action” coating .
- Our floorcovering sales over the first 9 weeks of the first quarter are up 8% as compared with the same period last year. Our total sales are up 5.9% on a year over year basis since our yarn sales have declined.



FABRICA
FINE CARPET & RUGS

Masland
CARPETS & RUGS

DIXIE
HOME 



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Atlas

Masland
contract



Non-GAAP Information



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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 Adjusted Gross Profit as Gross Profit plus manufacturing integration expenses of new or expanded operations, plus acquisition expense related to the fair market write up of inventories, plus one time items so defined (Note 1)

The Company defines Adjusted S,G&A as S,G&A less manufacturing integration expenses included in selling, general and administrative, less direct acquisition expenses, less one time items so defined. (Note 2)

The Company defines Adjusted Operating Income as Operating Income plus manufacturing integration expenses of new or expanded operations, plus acquisition expense related to the fair market write up of inventories, plus facility consolidation and severance expenses, plus acquisition related expenses, plus impairment of assets, plus impairment of goodwill, plus one time items so defined. (Note 3)

The company defines Adjusted Income from Continuing Operations as net income plus loss from discontinued operations net of tax, plus manufacturing integration expenses of new or expanded operations, plus facility consolidation and severance expenses, plus acquisition related expenses, plus impairment of assets, plus impairment of goodwill, plus one time items so defined , all tax effected. (Note 4)

The Company defines Adjusted EBIT as net income plus taxes and plus interest. The Company defines Adjusted EBITDA as Adjusted EBIT plus depreciation and amortization, plus manufacturing in integration expenses of new or expanded operations, plus facility consolidation and severance expenses, plus acquisition related expenses, plus impairment of assets, plus impairment of goodwill, plus one time items so defined. (Note 5)

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. The change in net working capital is the change in current assets less current liabilities between periods. (Note 6)

The company defines Non-GAAP Earnings per Share (EPS) as the adjusted operating income less Interest and other expense, tax adjusted at a 35% rate, and divided by the umber of fully diluted shares. (Note 7)

The Company defines Net Sales as Adjusted as net sales less the last week of sales in a 53 week fiscal year. (Note 8)

Non-GAAP Information



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<u>Non-GAAP Gross Profit</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Net Sales	203,480	231,322	270,110	266,372	344,374	406,588	422,484	397,453
Gross Profit	52,105	56,651	65,506	65,372	85,569	95,497	106,231	95,425
Plus: Business integration expense	-	-	-	1,383	4,738	445	-	-
Plus: Amortization of inventory step up	-	-	-	-	367	606	-	-
Non-GAAP Adj. Gross Profit (Note 1)	52,105	56,651	65,506	66,755	90,674	96,548	106,231	95,425
Gross Profit as % of Net Sales	25.6%	24.5%	24.3%	24.5%	24.8%	23.5%	25.1%	24.0%
Non-GAAP Adj. Gross Profit % of Net Sales	25.6%	24.5%	24.3%	25.1%	26.3%	23.7%	25.1%	24.0%
<u>Non-GAAP S,G&A</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Net Sales	203,480	231,322	270,110	266,372	344,374	406,588	422,484	397,453
Selling and Administrative Expense	60,542	57,362	60,667	63,489	76,221	93,182	100,422	96,983
Plus: Business integration expense	-	-	-	-	(1,706)	(1,429)	-	-
Less: Acquisition expenses	-	-	-	(318)	(350)	(789)	-	-
Non-GAAP Adj. Selling and Admin. Expense	60,542	57,362	60,667	63,171	74,164	90,964	100,422	96,983
S,G&A as % of Net Sales	29.8%	24.8%	22.5%	23.8%	22.1%	22.9%	23.8%	24.4%
Non-GAAP S,G&A as % of Net Sales (Note 2)	29.8%	24.8%	22.5%	23.7%	21.5%	22.4%	23.8%	24.4%
<u>Non-GAAP Operating Income</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Net Sales	203,480	231,322	270,110	266,372	344,374	406,588	422,484	397,453
Operating income (loss)	(45,390)	(2,570)	5,668	1,815	8,855	(5,236)	1,990	(3,415)
Plus: Acquisition expenses	-	-	-	318	350	789	-	-
Plus: Amortization of inventory step up	-	-	-	-	367	606	-	-
Plus: Business integration expense	-	-	-	1,383	6,616	1,874	-	-
Plus: Facility consolidation expense	4,091	1,556	(563)	-	-	5,514	2,946	1,456
Plus: Impairment of assets	1,459	-	-	-	195	1,133	-	-
Plus: Impairment of goodwill	31,406	-	-	-	-	-	-	-
Non-GAAP Adj. Operating Income (Loss) (Note 3)	(8,434)	(1,014)	5,105	3,516	16,384	4,681	4,936	(1,959)

Non-GAAP Information



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<u>Non-GAAP Income from Continuing Operations</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Net income (loss) as reported	(42,241)	(4,654)	986	(927)	5,291	(1,402)	(2,426)	(5,278)
Less: (Loss) from discontinued, net tax	(382)	(280)	(286)	(275)	(266)	(2,075)	(148)	(71)
Income (loss) from Continuing Operations	(41,859)	(4,374)	1,272	(653)	5,557	673	(2,278)	(5,207)
Plus: Business integration expense	-	-	-	1,383	6,616	1,874	-	-
Plus: Facility consolidation expense	4,091	1,556	(563)	-	-	5,514	2,946	1,456
Plus: Amortization of inventory step up	-	-	-	-	367	606	-	-
Plus: Acquisition expenses	-	-	-	318	350	789	-	-
Less: Gain on purchase of business	-	-	-	-	-	(11,110)	-	-
Plus: Impairment of assets	1,459	-	-	-	195	1,133	-	-
Plus: Impairment of goodwill	31,406	-	-	-	-	-	-	-
Plus: Tax effect of above	(14,043)	(591)	214	(646)	(2,861)	453	(1,119)	(553)
Plus: Prior years tax credits and val. allowance	-	-	-	-	-	-	-	-
Non-GAAP Adj. (Loss) / Inc from Cont. Op's (Note	(18,946)	(3,409)	923	402	10,224	(68)	(451)	(4,304)
Adj diluted EPS from Cont. Op's	(1.54)	(0.27)	0.07	0.03	0.80	(0.00)	(0.03)	(0.28)
Wt'd avg. common shares outstanding - diluted	12,331	12,524	12,623	12,638	12,852	14,382	15,536	15,638

Non-GAAP Information



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<u>Non-GAAP EBIT and EBITDA</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Net income (loss) as reported	(42,241)	(4,654)	986	(927)	5,291	(1,402)	(2,426)	(5,278)
Less: (Loss) from discontinued, net tax	(382)	(280)	(286)	(275)	(266)	(2,075)	(148)	(71)
Plus: Taxes	(8,870)	(2,604)	684	(401)	(576)	1,055	(714)	(3,622)
Plus: Interest	5,521	4,124	3,470	3,146	3,756	4,301	4,935	5,392
Non-GAAP Adjusted EBIT (Note 5)	(45,208)	(2,854)	5,426	2,092	8,737	6,029	1,943	(3,437)
Plus: Depreciation and amortization	13,504	11,575	9,650	9,396	10,263	12,908	14,120	13,515
Non-GAAP EBITDA from Cont Op	(31,704)	8,721	15,075	11,488	18,999	18,937	16,063	10,078
Plus: Acquisition expenses	-	-	-	318	350	789	-	-
Plus: Amortization of inventory step up	-	-	-	-	367	606	-	-
Less: Gain on purchase of business	-	-	-	-	-	(11,110)	-	-
Plus: Business integration expense	-	-	-	1,383	6,616	1,874	-	-
Plus: Facility consolidation expense	4,091	1,556	(563)	-	-	5,514	2,946	1,456
Plus: Impairment of assets	1,459	-	-	-	195	1,133	-	-
Non-GAAP Adj. EBITDA (Note 5)	5,252	10,277	14,512	13,189	26,528	17,743	19,009	11,534
Non-GAAP Adj. EBITDA as % of Net Sales	2.6%	4.4%	5.4%	5.0%	7.7%	4.4%	4.5%	2.9%
<u>Non-GAAP Free Cash Flow</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Non-GAAP Adjusted EBIT (from above)	(45,208)	(2,854)	5,426	2,092	8,737	6,029	1,943	(3,437)
Times: 1 - Tax Rate = EBIAT	(28,029)	(1,769)	3,364	1,297	5,417	3,738	1,205	(2,131)
Plus: Depreciation and amortization	13,504	11,575	9,650	9,396	10,263	12,908	14,120	13,515
Plus: Non Cash Impairment of Assets, Goodwill	32,865	-	-	-	195	1,133	-	-
Minus: Net change in Working Capital	(23,975)	996	9,589	10,786	17,714	11,546	(1,970)	(16,905)
Non-GAAP Cash from Operations	42,315	8,810	3,425	(93)	(1,839)	6,234	17,295	28,289
Minus: Capital Expenditures	511	1,761	6,735	4,052	13,257	32,825	12,230	5,331
Minus: Business / Capital acquisitions	-	-	-	6,961	1,863	9,331	-	-
Non-GAAP Free Cash Flow (Note 6)	41,804	7,049	(3,310)	(11,106)	(16,959)	(35,922)	5,065	22,958

Additional Information



THE DIXIE GROUP

<u>Facility Consolidation Plan Summary</u>	<u>Q1 2016</u>	<u>Q2 2016</u>	<u>Q3 2016</u>	<u>Q4 2016</u>	<u>2016</u>
Colormaster dryer write off	-	-	-	-	-
West Coast Facility consolidation	-	-	-	-	-
East Coast Facility consolidation	1,342	398	(1)	(359)	1,380
East Coast Asset write off	-	-	-	-	-
Corporate Office consolidation	71	5	-	-	76
Total facility consolidation and asset write off	1,413	403	(1)	(359)	1,456

	Net Sales as Adjusted				Net Sales As Adjusted	
	December 31, 2016	Extra Week	December 31, 2016	December 26, 2015	Difference	% Change
Net Sales as Adjusted	\$ 397,453	\$ (5,380)	\$ 392,073	\$ 422,483	\$ (30,410)	-7.2%

The Company defines Net Sales as Adjusted as net sales less the last week of sales in a 53 week fiscal year. (Note 8)