

# DIXIE GROUP INC

## **FORM 8-K** (Current report filing)

Filed 03/05/20 for the Period Ending 03/05/20

Address	PO BOX 2007 DALTON, GA, 30722
Telephone	7068765814
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Symbol	DXYN
SIC Code	2273 - Carpets and Rugs
Industry	Home Furnishings
Sector	Consumer Cyclical
Fiscal Year	12/28

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): March 5, 2020



**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.)

475 Reed Road, Dalton, Georgia

(Address of principal executive offices)

30720

(zip code)

(706) 876-5800

(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 information attached as Exhibit 99.1 hereto supersedes the investor presentation previously furnished on Form 8-K dated November 7, 2019, 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, March 5, 2020.](#)

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**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: March 5, 2020

**THE DIXIE GROUP, INC.**

/s/ Allen L. Danzey  
\_\_\_\_\_  
Allen L. Danzey  
Chief Financial Officer



THE DIXIE GROUP

Exhibit 99.1

## March 2020 Investor Presentation

Contact:  
Allen Danzey  
CFO  
The Dixie Group

Phone: 706-876-5865

[allen.danzey@dixiegroup.com](mailto:allen.danzey@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
  - 2012 Purchased Colormaster dye house and Crown Rugs
  - 2013 Purchased Robertex - wool carpet manufacturing
  - 2014 Purchased Atlas Carpet Mills – high-end commercial business
  - 2014 Purchased Burtco - computerized yarn placement for hospitality
  - 2016 Launched Calibr  luxury vinyl flooring in Masland Contract
  - 2017 Launched Stainmaster® LVF in Masland and Dixie Home
  - 2018 Launched engineered wood in our Fabrica brand
  - 2018 Unified Atlas and Masland Contract into single business unit
  - 2019 Launched TRUCOR™ and TRUCOR Prime™ LVF in Dixie Home and Masland



- 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
    - 16% of sales
  - Top 100 carpet customers
    - 31% 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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- "I view 2019 as a neutral year for housing in terms of sales," Yun said. "Home sellers are positioned well, but prospective buyers aren't as fortunate. Low inventory remains a problem, with first-time buyers affected the most."
- Price appreciation has rapidly accelerated, and areas that are relatively unaffordable or declining in affordability are starting to experience slower job growth. The hope is for price appreciation to slow in line with wage growth, which is about 3%."

**Lawrence Yun**  
**Chief Economist**  
**National Association of Realtors**  
**January 22, 2020**

Source: National Association of Realtors (existing) and [census.gov/newhomesales](https://census.gov/newhomesales)



## Leading Indicator of Remodeling Activity – Fourth Quarter 2019

Homeowner Improvements & Repairs  
Four-Quarter Moving Totals  
Billions



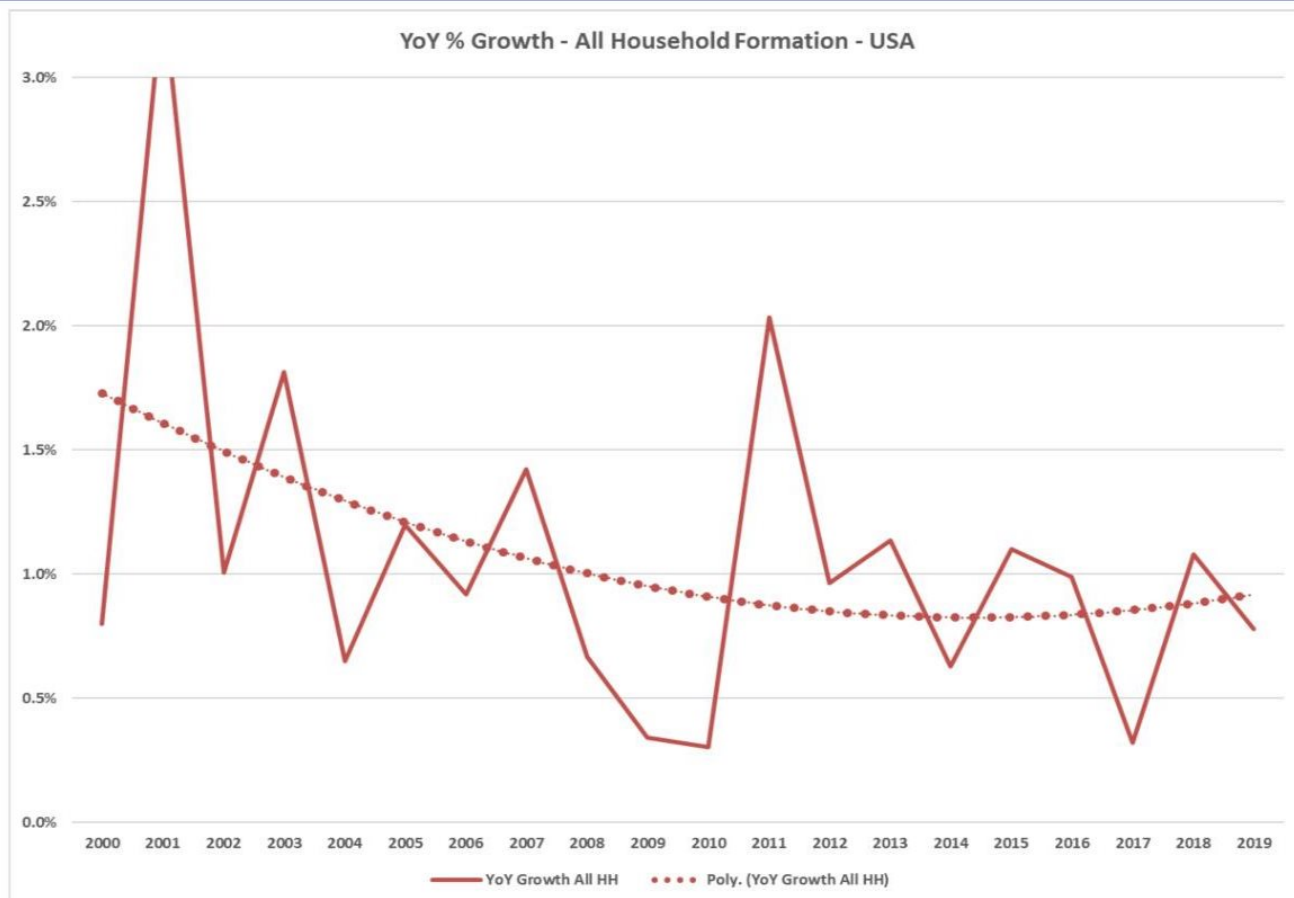
Note: Historical estimates since 2017 are produced using the LIRA model until American Housing Survey benchmark data become available.

© PRESIDENT AND FELLOWS OF HARVARD COLLEGE

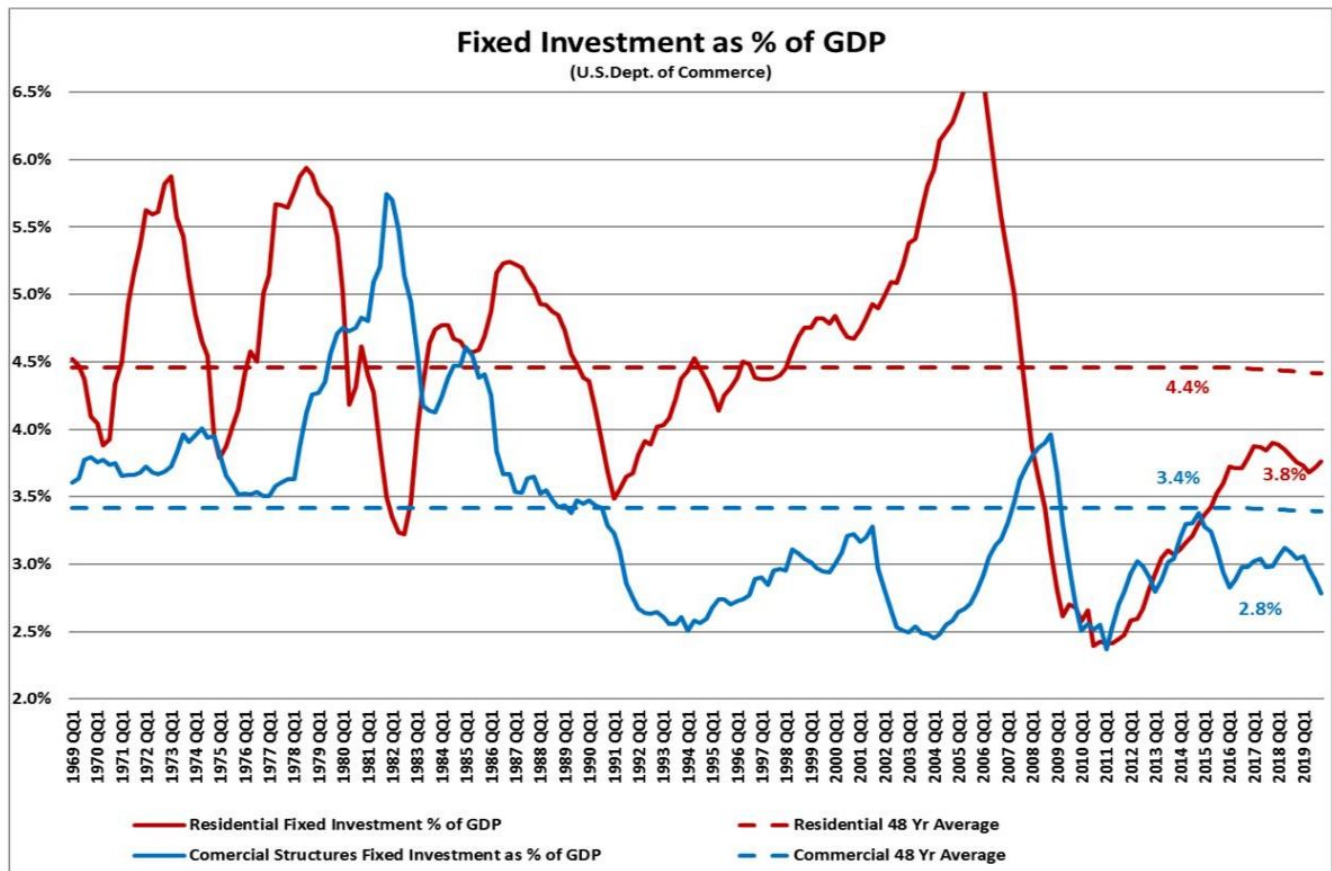
Joint Center for Housing Studies of Harvard University JCHS

# Household Formations

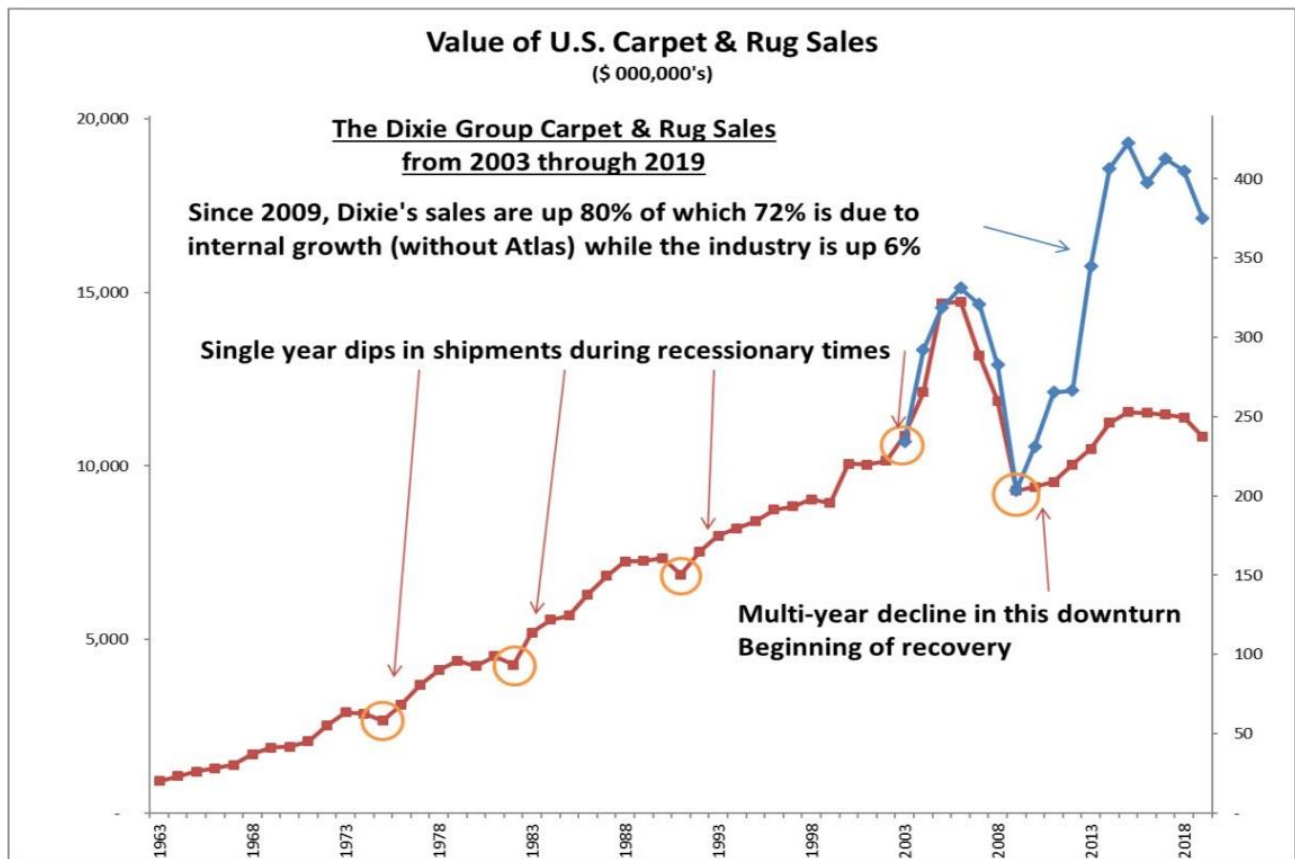
## Year Over Year Growth



# Residential and Commercial Fixed Investment



# The Industry as compared to The Dixie Group



Source: U.S. Bureau of Economic Analysis and Company estimates



## 2018 U.S. Flooring Manufacturers

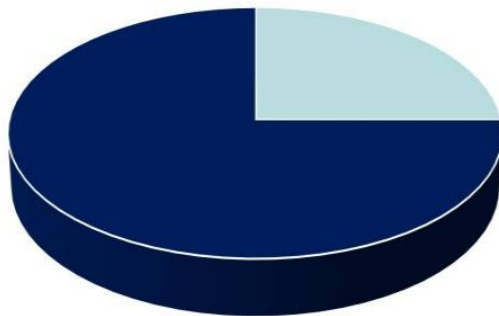
Flooring Manufacturers	Flooring \$ in millions	Flooring Market %
Shaw (Berkshire Hathaway)	5,142	21.7%
Mohawk (MHK)	5,213	22.0%
Engineered Floors (Private)	1,015	4.3%
Interface (TILE)	601	2.5%
Dixie (DXYN)	405	1.7%
Imports & All Others	11,304	47.7%
U.S. Carpet & Rug Market	23,680	100.0%

Source: Floor Focus - Flooring includes sales of carpet, rugs, ceramic floor tile, wood, laminate, resilient and rubber

# Dixie versus the Industry

## 2019 Dixie sales

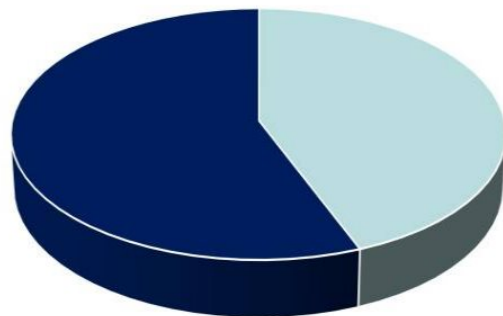
High End  
Commercial, 25%



High End  
Residential, 75%

## 2019 U.S. Carpet & Rug Market of \$10.6 billion

Commercial, 44%

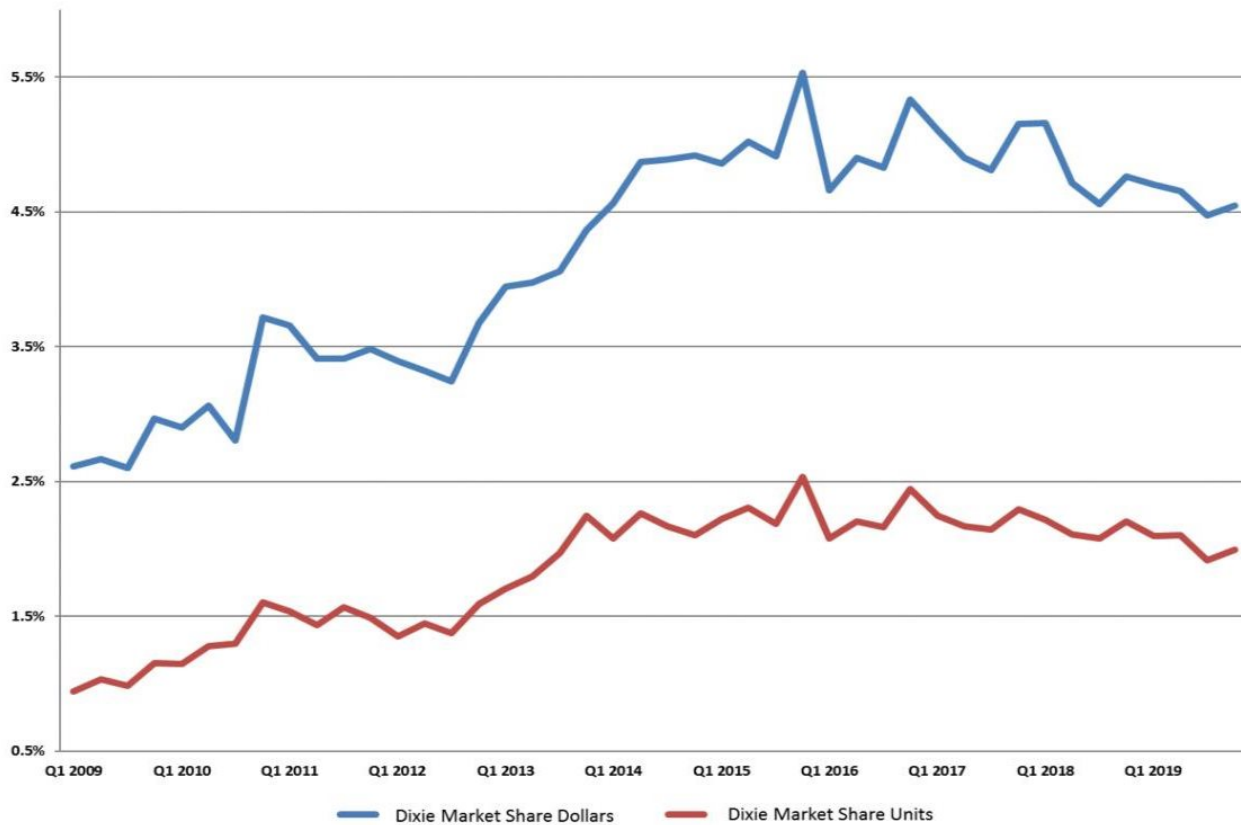


Residential, 56%

Source: Floor Covering Weekly and Dixie Group estimate

# Carpet Growth

## Dixie Market Share in Dollars and Units



# Industry Positioning

## The Dixie Group

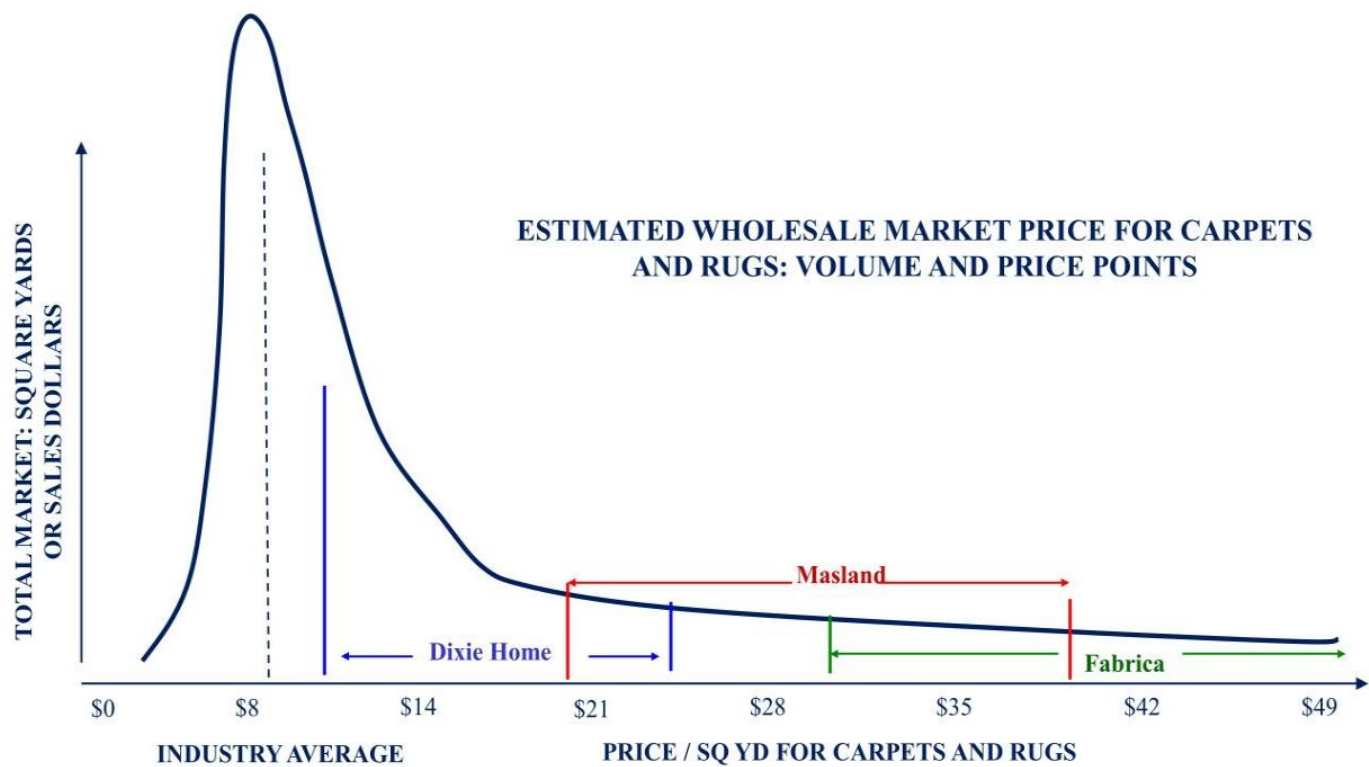
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- Strategically our residential and commercial businesses are driven by our relationship to the upper-end consumer and the design community
- This leads us to:
  - Have a sales force that is attuned to design and customer solutions
  - Be a “product 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 Brand Positioning

## The Dixie Group



Note: Market share data based on internal company estimates – Industry average price based on sales reported through industry sources

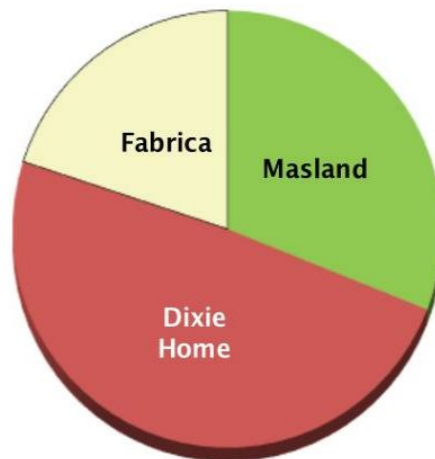


# Dixie Group High-End Residential Sales

## All Residential Brands



### Sales by Brand for 2019

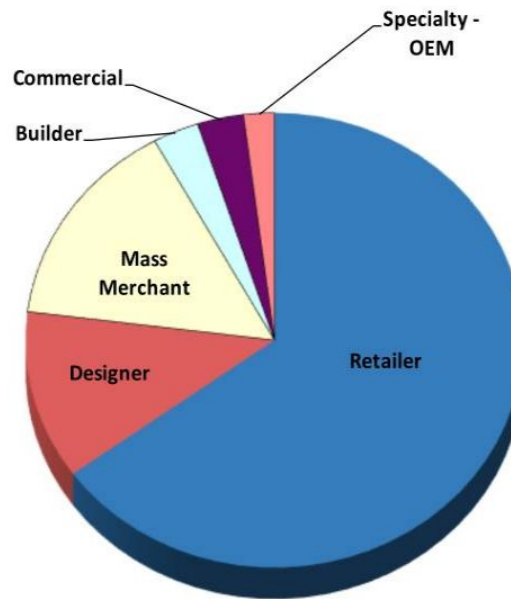




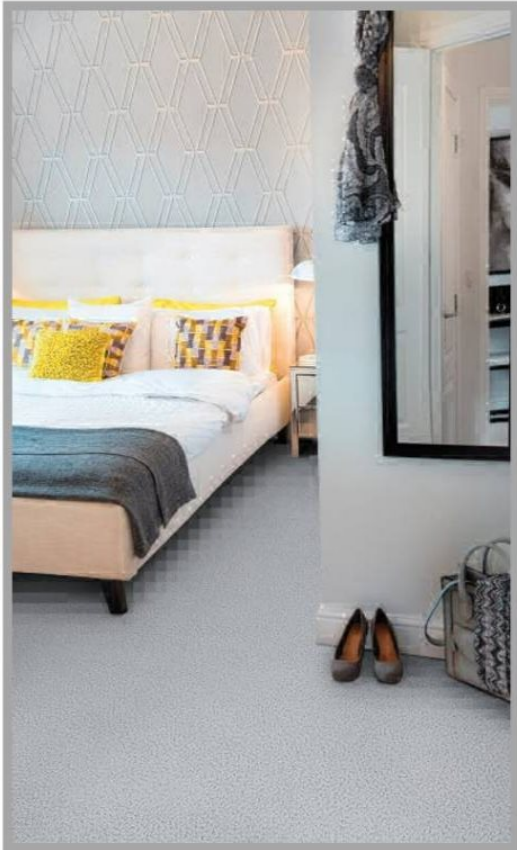
# Dixie Group High-End Residential Sales All Brands



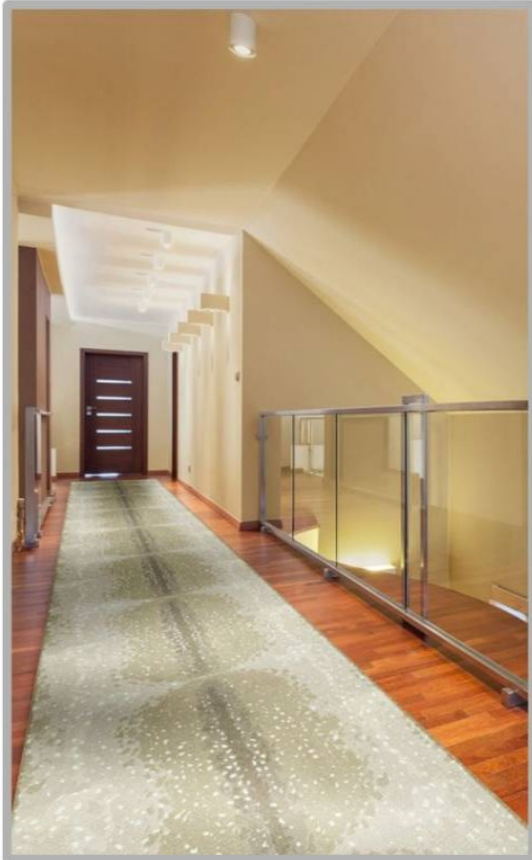
## Sales by Channel for 2019



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
  - TRUCOR™ SPC and TRUCOR Prime™ WPC Luxury Vinyl Flooring
  - Stainmaster® PetProtect® Fiber Technology



- Leading high-end brand with reputation for innovative styling, design and color
- High-end retail / designer driven
  - Approximately 21% of sales directly involve a designer
  - Hand crafted and imported rugs
- Growth initiative
  - TRUCOR Prime™ WPC Luxury Vinyl Flooring
  - Stainmaster® PetProtect® Fiber Technology
  - Wool products in both tufted and woven constructions





- Premium high-end brand
  - “Quality without Compromise”
- Designer focused
  - Approximately 30% of sales directly involve a designer
  - Hand crafted and imported rugs
- Growth initiatives
  - Fabrica Fine Wood Flooring, a sophisticated collection of refined “best in class” wood flooring products.

# Commercial Market Positioning

## The Dixie Group



- We focus on the “high-end specified soft floorcovering contract market”
- Our Atlas | Masland products
  - Designer driven focused on the fashion oriented market space
  - Broad product line for diverse commercial markets
- Our Masland eNergy products
  - Sells “main street commercial” through retailers
- Our Masland Residential and Atlas | Masland sales forces
  - Commercial design firms and select commercial retailers



- The consolidation of Atlas and Masland Contract provides an exciting opportunity for us to become a greater resource to our customers in the hyper competitive commercial flooring market.
- Atlas | Masland has become a comprehensive resource to the commercial flooring customer. Whether a project calls for broadloom carpet, modular carpet tile, area rugs, walk off material or luxury vinyl flooring, we have the product and expertise to service any market segment.

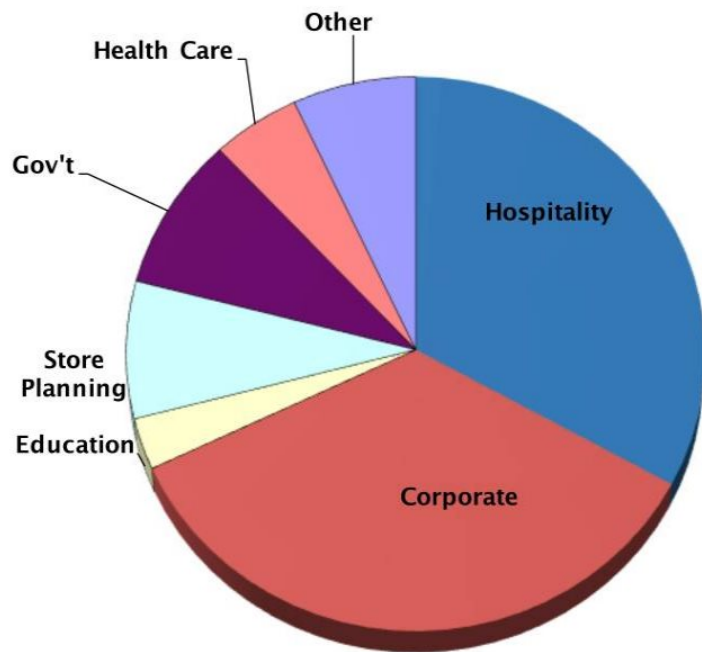




- Upper-end brand in the specified commercial marketplace
  - Corporate, End User, Store Planning, Hospitality, Health Care, Government and Education markets
- Designer focused
- Strong national account base
- Growth initiatives
  - Sustaina™ cushion modular carpet backing with the ability to install in high relative humidity environments
  - The Crafted Collection with Sustaina™ cushion modular carpet backing, both PVC and polyurethane free – over 80% recycled content
  - Calibré Luxury Vinyl Tile



### Sales by Channel for 2019



Channels: Interior Design Specifier and Commercial End User

# Dixie Group Sales

\$ in millions



\*2016 had 53 weeks.

# Sales & Operating Income

\$ in millions



<u>Annual</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
Net Sales	266	344	407	422	397	412	405	375
Net Income (Loss)	(0.9)	5.3	(1.4)	(2.4)	(5.3)	(9.6)	(21.4)	15.3
Operating Income	1.8	8.9	(5.2)	2.0	(3.4)	4.0	(15.6)	21.3
Non-GAAP Adjusted Op. Income	3.5	16.4	4.7	4.9	(2.0)	4.6	(1.1)	1.8
EBITDA	11.2	18.7	16.9	15.9	10.0	16.6	(3.1)	32.9
Non-GAAP Adjusted EBITDA	13.2	26.5	17.7	19.0	11.5	17.5	11.4	13.7
<u>Quarterly</u>	<u>Q1 2018</u>	<u>Q2 2018</u>	<u>Q3 2018</u>	<u>Q4 2018</u>	<u>Q12019</u>	<u>Q22019</u>	<u>Q32019</u>	<u>Q42019</u>
Net Sales	98.9	106.4	101.6	98.2	88.6	100.4	95.4	90.1
Net Income (Loss)	(2.9)	(1.8)	(3.0)	(13.7)	(6.7)	(1.2)	(2.6)	25.7
Operating Income	(1.5)	(0.2)	(1.2)	(12.8)	(4.9)	0.6	(1.0)	26.7
Non-GAAP Adjusted Op. Income	(1.3)	2.0	0.7	(2.4)	(2.6)	2.5	0.1	1.8
EBITDA	1.6	3.0	1.9	(9.5)	(1.8)	3.3	1.9	29.4
Non-GAAP Adjusted EBITDA	1.8	5.0	3.8	0.8	0.5	5.3	3.0	4.8
<u>Change Year over Year</u>	<u>Q1 2018</u>	<u>Q2 2018</u>	<u>Q3 2018</u>	<u>Q4 2018</u>	<u>Q12019</u>	<u>Q22019</u>	<u>Q32019</u>	<u>Q42019</u>
Net Sales	1.3	(0.7)	(1.1)	(6.9)	(10.3)	(6.0)	(6.1)	(8.0)
Net Sales % Change	1.4%	-0.7%	-1.1%	-6.6%	-10.4%	-5.7%	-6.0%	-8.2%
Net Income (Loss)	(2.3)	(2.9)	(2.4)	(4.2)	(3.8)	0.6	0.4	39.4
Operating Income	(2.1)	(3.3)	(1.9)	(12.2)	(3.3)	0.7	0.1	39.4
Non-GAAP Adjusted Op. Income	(1.9)	(1.2)	(0.1)	(2.5)	(1.3)	0.5	(0.6)	4.3
EBITDA	(2.2)	(3.3)	(2.1)	(12.2)	(3.4)	0.4	0.0	38.9
Non-GAAP Adjusted EBITDA	(2.0)	(1.4)	(0.2)	(2.5)	(1.3)	0.3	(0.7)	4.0

Note: 2016 has 53 operating weeks, all other periods had 52 operating weeks

Note: Non-GAAP reconciliation starting on slide 27



# Current Business Conditions

## 2019 Accomplishments and 2020 Outlook

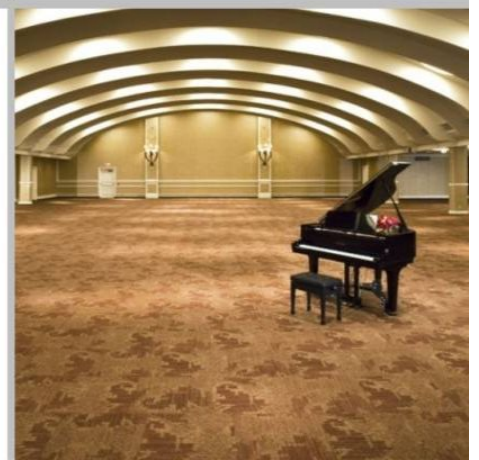
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- We have consolidated our two commercial brands into Atlas | Masland Contract.
- We launched Sustaina™, our 95% post-consumer recycled material, PVC free and polyurethane free, cushion modular carpet tile backing.
- We launched TRUCOR™ and TRUCOR Prime™ luxury vinyl flooring.
- We are growing the number of items in our TRUCOR™ family of luxury vinyl flooring products by over 40%. We are featuring, “Integrated Grout Technology” where the locking system is engineered to simulate a real grout line. We are launching our new oversized planks in contemporary, clean visuals.
- Since the third quarter of 2018, we have paid down over \$50 million in debt.
- Since the third quarter of 2019, we increased our equity by over 50%.
- We returned to operating profitability in the fourth quarter of 2019.
- We launched around 50 new styles in soft surface, including STAINMASTER®, EnVision 6,6™, and Strongwool in 2020.
- As the year began, business activity was slow and behind the levels of last year. Sales and orders in February have improved significantly and are above the level of last year. We have experienced improvement in both the residential retail and commercial business, however, our mass merchant sales continue to underperform. For the quarter to date, excluding our mass merchant sales, our sales are slightly behind this same period in 2019.



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# 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 number 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)

The Company defines Non-GAAP earnings per Share (EPS) for the Jobs Cut and Tax Act of 2017 as Net Income less discontinued operations minus the effect of the tax act and divided by the number of fully diluted shares. (Note 9)

## Non-GAAP Information



	Twelve Months Ended								
	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Non-GAAP Gross Profit</b>									
Net Sales	270,110	266,372	344,374	406,588	422,484	397,453	412,462	405,033	374,581
Gross Profit	65,506	65,372	85,569	95,497	106,231	95,425	101,213	86,991	86,205
Plus: Unusual Workers Comp	-	-	-	-	-	-	-	450	-
Plus: Inventory write off for PIP	-	-	-	-	-	-	-	2,701	572
Plus: Business integration expense	-	1,383	4,738	445	-	-	-	-	-
Plus: Amortization of inventory step up	-	-	367	606	-	-	-	-	-
<b>Non-GAAP Adj. Gross Profit (Note 1)</b>	<b>65,506</b>	<b>66,755</b>	<b>90,674</b>	<b>96,548</b>	<b>106,231</b>	<b>95,425</b>	<b>101,213</b>	<b>90,142</b>	<b>86,778</b>
Gross Profit as % of Net Sales	24.3%	24.5%	24.8%	23.5%	25.1%	24.0%	24.5%	21.5%	23.0%
<b>Non-GAAP Adj. Gross Profit % of Net Sales</b>	<b>24.3%</b>	<b>25.1%</b>	<b>26.3%</b>	<b>23.7%</b>	<b>25.1%</b>	<b>24.0%</b>	<b>24.5%</b>	<b>22.3%</b>	<b>23.2%</b>
<b>Non-GAAP S,G&amp;A</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Net Sales	270,110	266,372	344,374	406,588	422,484	397,453	412,462	405,033	374,581
Selling and Administrative Expense	60,667	63,489	76,221	93,182	100,422	96,983	96,171	92,472	83,825
Plus: Business integration expense	-	-	(1,706)	(1,429)	-	-	-	-	-
Less: Acquisition expenses	-	(318)	(350)	(789)	-	-	-	-	-
<b>Non-GAAP Adj. Selling and Admin. Expense</b>	<b>60,667</b>	<b>63,171</b>	<b>74,164</b>	<b>90,964</b>	<b>100,422</b>	<b>96,983</b>	<b>96,171</b>	<b>92,472</b>	<b>83,825</b>
S,G&A as % of Net Sales	22.5%	23.8%	22.1%	22.9%	23.8%	24.4%	23.3%	22.8%	22.4%
<b>Non-GAAP S,G&amp;A as % of Net Sales (Note 2)</b>	<b>22.5%</b>	<b>23.7%</b>	<b>21.5%</b>	<b>22.4%</b>	<b>23.8%</b>	<b>24.4%</b>	<b>23.3%</b>	<b>22.8%</b>	<b>22.4%</b>



<u>Non-GAAP Operating Income</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Net Sales	270,110	266,372	344,374	406,588	422,484	397,453	412,462	405,033	374,581
Operating income (loss)	5,668	1,815	8,855	(5,236)	1,990	(3,415)	3,965	(15,624)	21,350
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: Unusual Workers Comp	-	-	-	-	-	-	-	450	-
Plus: Legal Settlement	-	-	-	-	-	-	-	1,514	-
Plus: Inventory write off for PIP	-	-	-	-	-	-	-	2,701	572
Plus: Profit improvement plans	(563)	-	-	5,514	2,946	1,456	636	3,167	5,019
Plus: Impairment of assets	-	-	195	1,133	-	-	-	1,164	(25,111)
Plus: Impairment of goodwill and intangibles	-	-	-	-	-	-	-	5,545	-
Non-GAAP Adj. Operating Income (Loss) (Note 3)	5,105	3,516	16,384	4,681	4,936	(1,959)	4,601	(1,083)	1,830
Operating income as % of net sales	2.1%	0.7%	2.6%	-1.3%	0.5%	-0.9%	1.0%	-3.9%	5.7%
Adjusted operating income as a % of net sales	1.9%	1.3%	4.8%	1.2%	1.2%	-0.5%	1.1%	-0.3%	0.5%
<u>Non-GAAP Income from Continuing Operations</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Net income (loss) as reported	986	(927)	5,291	(1,402)	(2,426)	(5,278)	(9,555)	(21,384)	15,270
Less: (Loss) from discontinued, net tax	(286)	(275)	(266)	(2,075)	(148)	(71)	(233)	95	(348)
Income (loss) from Continuing Operations	1,272	(653)	5,557	673	(2,278)	(5,207)	(9,323)	(21,479)	15,619
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: Unusual Workers Comp	-	-	-	-	-	-	-	450	-
Plus: Legal Settlement	-	-	-	-	-	-	-	1,514	-
Plus: Inventory write off for PIP	-	-	-	-	-	-	-	2,701	572
Plus: Profit improvement plans	(563)	-	-	5,514	2,946	1,456	636	3,167	5,019
Plus: Impairment of assets	-	-	195	1,133	-	-	-	1,164	(25,111)
Plus: Impairment of goodwill and intangibles	-	-	-	-	-	-	-	5,545	-
Plus: Tax effect of above	214	(646)	(2,861)	453	(1,119)	(553)	(242)	-	-
Plus: Tax credits, rate change and valuation allowance	-	-	(1,847)	-	-	-	8,169	-	(14)
Non-GAAP Adj. (Loss) / Inc from Cont. Op's (Note 4)	923	402	8,377	(68)	(451)	(4,304)	(759)	(6,938)	(3,915)
Adj diluted EPS from Cont. Op's	0.07	0.03	0.65	(0.00)	(0.03)	(0.28)	(0.05)	(0.44)	(0.25)
Wt'd avg. common shares outstanding - diluted	12,623	12,638	12,852	14,382	15,536	15,638	15,699	15,764	15,772



<u>Non-GAAP EBIT and EBITDA</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Net income (loss) as reported	986	(927)	5,291	(1,402)	(2,426)	(5,278)	(9,555)	(21,384)	15,270
Less: (Loss) from discontinued, net tax	(286)	(275)	(266)	(2,075)	(148)	(71)	(233)	95	(348)
Plus: Taxes	684	(401)	(576)	1,055	(714)	(3,622)	7,510	(831)	(657)
Plus: Interest	3,470	3,146	3,756	4,301	4,935	5,392	5,740	6,490	6,444
Non-GAAP Adjusted EBIT (Note 5)	5,426	2,092	8,737	6,029	1,943	(3,437)	3,927	(15,820)	21,405
Plus: Depreciation and amortization	9,650	9,396	10,263	12,908	14,120	13,515	12,947	12,653	11,803
Non-GAAP EBITDA from Cont Op	15,075	11,488	18,999	18,937	16,063	10,078	16,874	(3,167)	33,208
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: Unusual Workers Comp	-	-	-	-	-	-	-	450	-
Plus: Legal Settlement	-	-	-	-	-	-	-	1,514	-
Plus: Inventory write off for PIP	-	-	-	-	-	-	-	2,701	572
Plus: Profit improvement plans	(563)	-	-	5,514	2,946	1,456	636	3,167	5,019
Plus: Impairment of assets	-	-	195	1,133	-	-	-	1,164	(25,111)
Plus: Impairment of goodwill and intangibles	-	-	-	-	-	-	-	5,545	-
Non-GAAP Adj. EBITDA (Note 5)	14,512	13,189	26,528	17,743	19,009	11,534	17,510	11,374	13,689
Non-GAAP Adj. EBITDA as % of Net Sales	5.4%	5.0%	7.7%	4.4%	4.5%	2.9%	4.2%	2.8%	3.7%
Management estimate of severe weather (not in above)	-	-	-	1,054	-	-	-	-	-
<u>Non-GAAP Free Cash Flow</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Non-GAAP Adjusted EBIT (from above)	5,426	2,092	8,737	6,029	1,943	(3,437)	3,927	(15,820)	21,405
Times: 1 - Tax Rate = EBIAT	3,364	1,297	5,417	3,738	1,205	(2,131)	2,435	(15,820)	21,405
Plus: Depreciation and amortization	9,650	9,396	10,263	12,908	14,120	13,515	12,947	12,653	11,803
Plus: Non Cash Impairment of Assets, Goodwill	-	-	195	1,133	-	-	-	6,709	(25,111)
Minus: Net change in Working Capital	9,589	10,786	17,714	11,546	(1,970)	(16,905)	23,386	(8,578)	(8,298)
Non-GAAP Cash from Operations	3,425	(93)	(1,839)	6,234	17,295	28,289	(8,004)	12,120	16,395
Minus: Capital Expenditures	6,735	4,052	13,257	32,825	12,230	5,331	13,582	4,441	1,416
Minus: Business / Capital acquisitions	-	6,961	1,863	9,331	-	-	-	-	-
Non-GAAP Free Cash Flow (Note 6)	(3,310)	(11,106)	(16,959)	(35,922)	5,065	22,958	(21,586)	7,679	14,979

