

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): April 18, 2017

TILE SHOP HOLDINGS, INC.

(Exact name of Registrant as Specified in its Charter)

Delaware
(State or other jurisdiction of incorporation)

001-35629
(Commission File Number)

45-5538095
(IRS Employer Identification No.)

14000 Carlson Parkway, Plymouth, Minnesota 55441
(Address of principal executive offices, including ZIP code)

(763) 852-2950
(Registrant's telephone number, including area code)

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

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:

- ☐ 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))
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Item 2.02 Results of Operations and Financial Condition.

On April 18, 2017, Tile Shop Holdings, Inc. (the “Company”) issued a press release announcing its financial results for the three months March 31, 2017. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

Item 8.01 Other Events.

On April 18, 2017, the Company issued a press release announcing its declaration of a cash dividend of \$0.05 per share to stockholders of record as of May 2, 2017. The dividend will be paid on May 16, 2017. A copy of the press release is attached as Exhibit 99.2 hereto and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

| | |
|------|------------------------------------------------------------------|
| 99.1 | Press Release of Tile Shop Holdings, Inc., dated April 18, 2017. |
| 99.2 | Press Release of Tile Shop Holdings, Inc., dated April 18, 2017. |

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.

TILE SHOP HOLDINGS, INC.

By /s/ Kirk L. Geadelmann

Date: April 18, 2017

Name: Kirk L. Geadelmann

Title: Chief Financial Officer

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

TILE SHOP HOLDINGS, INC.
EXHIBIT INDEX TO FORM 8-K

Date of Report:
April 18, 2017

Commission File No.:
001-35629

| Exhibit No. | Item |
|--------------------|------------------------------------------------------------------|
| 99.1 | Press Release of Tile Shop Holdings, Inc., dated April 18, 2017. |
| 99.2 | Press Release of Tile Shop Holdings, Inc., dated April 18, 2017. |



THE TILE SHOP REPORTS FIRST QUARTER 2017 RESULTS

4.9% Comparable Store Sales Growth
70.3% Gross Margin
15.1% Operating Income Growth
22.9% Adjusted EBITDA Margin and 9.4% Adjusted EBITDA Growth
Diluted Earnings per Share of \$0.15, growth of 15.4%
Non-GAAP Diluted Earnings per Share of \$0.16, growth of 14.3%

MINNEAPOLIS – April 18, 2017 – Tile Shop Holdings, Inc. (NASDAQ: TTS) (the “Company”), a specialty retailer of manufactured and natural stone tiles, setting and maintenance materials, and related accessories, today announced results for its first quarter ended March 31, 2017.

Net sales grew 8.8% to \$92.1 million for the first quarter ended March 31, 2017 compared with \$84.7 million for the first quarter ended March 31, 2016. The \$7.4 million increase in net sales was due to a comparable store sales increase of 4.9%, or \$4.0 million, and incremental net sales of \$3.4 million from stores not included in the comparable store base. Comparable store sales growth for the first quarter of 2016 was 13.2%.

“We are very pleased to report a strong start to 2017,” said Chris Homeister, CEO. “The continued effort and dedication from our teams to provide exceptional service to homeowners and professionals on their home improvement projects led to a successful quarter for our business across all key metrics. We are excited to build upon our first quarter accomplishments as we seek to deliver significant growth in sales, operating margins and earnings per share throughout 2017.”

Gross margin for the first quarter of 2017 was 70.3% compared with 70.5% for the first quarter of 2016.

Selling, general and administrative costs for the first quarter of 2017 were \$51.2 million compared with \$47.9 million for the first quarter of 2016. The \$3.3 million increase was primarily driven by the costs associated with opening and operating new stores and variable expenses associated with revenue growth.

The Company opened 3 new retail stores in the first quarter of 2017, consisting of its 7th New Jersey location in Oakhurst, NJ, its 3rd location in the Phoenix, AZ metro area and its 5th location in Maryland in Bel Air, MD. As of March 31, 2017 the Company operates 126 stores in 31 states and the District of Columbia.

Non-GAAP Information

The Company presents non-GAAP net income and Adjusted EBITDA to provide useful information to investors regarding the Company’s normalized operating performance.

On a non-GAAP basis, net income for the first quarter of 2017 was \$8.2 million compared with \$7.2 million for the first quarter of 2016. Non-GAAP diluted earnings per share for the first quarter of 2017 were \$0.16 compared with \$0.14 for the first quarter of 2016, representing 14.3% growth. See the “Non-GAAP Income Reconciliation” table and the “Non-GAAP Financial Measures” section below for a reconciliation of GAAP to non-GAAP income.

Non-GAAP Income Reconciliation

| (\$ in thousands, except share and per share data) | Three Months Ended | | | | | |
|-------------------------------------------------------|--------------------|------------|-------------------|----------------|------------|-------------------|
| | March 31, 2017 | | | March 31, 2016 | | |
| | Pretax | Net of Tax | Per Share Amounts | Pretax | Net of Tax | Per Share Amounts |
| GAAP income | \$ 13,084 | \$ 8,009 | \$ 0.15 | \$ 11,217 | \$ 6,758 | \$ 0.13 |
| Special charges: | | | | | | |
| Shareholder and other litigation costs | 351 | 215 | 0.00 | 697 | 420 | 0.01 |
| Non-GAAP income ⁽¹⁾ | \$ 13,435 | \$ 8,224 | \$ 0.16 | \$ 11,914 | \$ 7,178 | \$ 0.14 |

⁽¹⁾ Amounts may not foot due to rounding.

Adjusted EBITDA for the first quarter of 2017 was \$21.1 million compared with \$19.3 million for the first quarter of 2016, representing 9.4% growth. See the “Adjusted EBITDA Reconciliation” table and the “Non-GAAP Financial Measures” section below for a reconciliation of GAAP net income to Adjusted EBITDA.

Adjusted EBITDA Reconciliation

| (\$ in thousands) | Three Months Ended | |
|--------------------------------|--------------------|-----------|
| | March 31, | |
| | 2017 | 2016 |
| GAAP net income | \$ 8,009 | \$ 6,758 |
| Interest expense | 485 | 570 |
| Income taxes | 5,075 | 4,459 |
| Depreciation and amortization | 6,336 | 5,571 |
| Special charges ⁽¹⁾ | 351 | 697 |
| Stock-based compensation | 842 | 1,229 |
| Adjusted EBITDA | \$ 21,098 | \$ 19,284 |

⁽¹⁾ Shareholder and other litigation costs.

Financial Guidance

The Company is reaffirming all expectations for full year 2017 based on past performance, anticipated new store openings and current economic conditions.

For the full year ending December 31, 2017 the Company expects:

| (\$ in millions, except per share data) | 2017 | 2016 |
|-----------------------------------------|--------------------------|--------------|
| Net Sales | \$350 - \$370 | \$324.2 |
| Comparable Store Sales Change | low to mid single digits | 7.6% |
| Gross Margin % of Net Sales | approx. 70% | 70.0% |
| Depreciation & Amortization | approx. \$27 | \$23.0 |
| Stock Based Compensation | approx. \$3.5 | \$4.3 |
| Effective Tax Rate | approx. 40% | 41.1% |
| Special Charges | approx. \$0.5 | \$7.6 |
| Earnings Per Share (GAAP) | \$0.49 - \$0.56 | \$0.36 |
| Non-GAAP Earnings Per Share | \$0.50 - \$0.57 | \$0.45 |
| Adjusted EBITDA | \$74 - \$80 | \$68.0 |
| Fully Diluted Shares Outstanding | approx. 52 million | 51.9 million |
| New Stores | 12 to 15 | 9 |
| Capital Expenditures | \$30 to \$35 | \$27.3 |

See the “Non-GAAP Income Guidance Reconciliation” table and the “Adjusted EBITDA Guidance Reconciliation” table on the final page of this release for a reconciliation of these Non-GAAP measures to the comparable GAAP measures.

Webcast and Conference Call

The Company will host a conference call via live webcast for investors and other interested parties beginning at 9:00 a.m. Eastern Time on Tuesday, April 18, 2017. Participants may access the live webcast by visiting the Company's Investor Relations page at www.tileshop.com. The call can also be accessed by dialing (844) 421-0597, or (716) 247-5787 for international participants. A webcast replay of the call will be available on the Company's Investor Relations page at www.tileshop.com.

Additional details can be located at www.tileshop.com under the Financial Information – SEC Filings section of the Company's Investor Relations page.

About The Tile Shop

The Tile Shop is a leading specialty retailer of manufactured and natural stone tiles, setting and maintenance materials, and related accessories in the United States. The Company offers a wide selection of high quality products, exclusive designs, knowledgeable staff and exceptional customer service, in an extensive showroom environment with up to 50 full-room tiled displays which are enhanced by the complimentary Design Studio – a collaborative platform to create customized 3D design renderings to scale, allowing customers to bring their design ideas to life. The Tile Shop currently operates 126 stores in 31 states and the District of Columbia, with an average size of 20,900 square feet and sells products online at www.tileshop.com.

The Tile Shop is a proud member of the American Society of Interior Designers (ASID), National Association of Homebuilders (NAHB), and the National Tile Contractors Association (NTCA). Visit www.tileshop.com. Join The Tile Shop (#thetileshop) on Facebook, Instagram, Pinterest and Twitter.

Non-GAAP Financial Measures

The Company calculates Adjusted EBITDA by taking net income calculated in accordance with GAAP, and adjusting for interest expense, income taxes, depreciation and amortization, stock based compensation and special charges related to litigation, including shareholder and other litigation. Adjusted EBITDA margin is equal to Adjusted EBITDA divided by net sales. Non-GAAP net income excludes special charges related to litigation costs, including shareholder and other litigation, and is net of tax.

The Company believes that these non-GAAP measures of financial results provide useful information to management and investors regarding certain financial and business trends relating to the Company's financial condition and results of operations. Company management uses these non-GAAP measures to compare Company performance to that of prior periods for trend analyses, for purposes of determining management incentive compensation, and for budgeting and planning purposes. These measures are used in monthly financial reports prepared for management and the Board of Directors. The Company believes that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends and in comparing the Company's financial measures with other specialty retailers, many of which present similar non-GAAP financial measures to investors.

Company management does not consider these non-GAAP measures in isolation or as an alternative to financial measures determined in accordance with GAAP. The principal limitations of these non-GAAP financial measures are that they exclude significant expenses and income that are required by GAAP to be recognized in the Company's consolidated financial statements. In addition, they are subject to inherent limitations as they reflect the exercise of judgments by management about which expenses and income are excluded or included in determining these non-GAAP financial measures. In order to compensate for these limitations, management presents non-GAAP financial measures in connection with GAAP results. The Company urges investors to review the reconciliation of these non-GAAP financial measures to the comparable GAAP financial measures and not to rely on any single financial measure to evaluate the business.

FORWARD LOOKING STATEMENTS

This press release includes "forward looking statements" within the meaning of the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. Forward looking statements may be identified by the use of words such as "anticipate", "believe", "expect", "estimate", "plan", "outlook", and "project" and other similar expressions that predict or indicate future events or trends or that are not statements of historical matters. These forward looking statements include any statements regarding the Company's strategic and operational plan and expected financial performance (including the financial performance of new stores). Forward looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward looking statements are based on information available at the time those statements are made and/or management's good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward looking statements, including but not limited to unforeseen events that may affect the retail market or the performance of the Company's stores. The Company does not intend, and undertakes no duty, to update this information to reflect future events or circumstances. Investors are referred to the most recent reports filed with the SEC by the Company.

Tile Shop Holdings, Inc. and Subsidiaries
Consolidated Balance Sheets
(\$ in thousands, except share data)

| | (Unaudited) March 31, 2017 | (Audited) December 31, 2016 |
|------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|-----------------------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 13,589 | \$ 6,067 |
| Restricted cash | 3,000 | 3,000 |
| Trade receivables, net | 2,973 | 2,414 |
| Inventories | 69,280 | 74,295 |
| Income tax receivable | 378 | 1,670 |
| Other current assets, net | 4,332 | 8,755 |
| Total Current Assets | 93,552 | 96,201 |
| Property, plant and equipment, net | 144,945 | 141,037 |
| Deferred tax assets | 20,168 | 21,391 |
| Long-term restricted cash | 2,612 | 3,881 |
| Other assets | 2,452 | 2,763 |
| Total Assets | \$ 263,729 | \$ 265,273 |
| Liabilities and Stockholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 18,504 | \$ 20,321 |
| Current portion of long-term debt | 6,922 | 6,286 |
| Income tax payable | 2,716 | 120 |
| Other accrued liabilities | 25,693 | 33,461 |
| Total Current Liabilities | 53,835 | 60,188 |
| Long-term debt, net | 20,272 | 22,126 |
| Capital lease obligation, net | 668 | 697 |
| Deferred rent | 38,234 | 37,595 |
| Other long-term liabilities | 5,536 | 5,768 |
| Total Liabilities | 118,545 | 126,374 |
| Stockholders' Equity: | | |
| Common stock, par value \$0.0001; authorized: 100,000,000 shares; issued and outstanding: 51,629,260 and 51,607,143 shares, respectively | 5 | 5 |
| Preferred stock, par value \$0.0001; authorized: 10,000,000 shares; issued and outstanding: 0 shares | - | - |
| Additional paid-in-capital | 186,850 | 185,998 |
| Accumulated deficit | (41,630) | (47,058) |
| Accumulated other comprehensive loss | (41) | (46) |
| Total Stockholders' Equity | 145,184 | 138,899 |
| Total Liabilities and Stockholders' Equity | \$ 263,729 | \$ 265,273 |

Tile Shop Holdings, Inc. and Subsidiaries
Consolidated Statements of Operations
(\$ in thousands, except share, and per share data)
(Unaudited)

| | Three Months Ended | |
|----------------------------------------------|---------------------------|-----------------|
| | March 31, | |
| | 2017 | 2016 |
| Net sales | \$ 92,135 | \$ 84,714 |
| Cost of sales | 27,390 | 25,009 |
| Gross profit | 64,745 | 59,705 |
| Selling, general and administrative expenses | 51,212 | 47,949 |
| Income from operations | 13,533 | 11,756 |
| Interest expense | (485) | (570) |
| Other income | 36 | 31 |
| Income before income taxes | 13,084 | 11,217 |
| Provision for income taxes | (5,075) | (4,459) |
| Net income | \$ 8,009 | \$ 6,758 |
| Income per common share: | | |
| Basic | \$ 0.16 | \$ 0.13 |
| Diluted | \$ 0.15 | \$ 0.13 |
| Weighted average shares outstanding: | | |
| Basic | 51,523,627 | 51,359,167 |
| Diluted | 52,140,945 | 51,666,432 |

Tile Shop Holdings, Inc. and Subsidiaries
Rate Analysis
(Unaudited)

| | Three Months Ended | |
|------------------------------------|---------------------------|-------------|
| | March 31, | |
| | 2017 | 2016 |
| Gross margin rate | 70.3 % | 70.5 % |
| SG&A expense rate | 55.6 % | 56.6 % |
| Income from operations margin rate | 14.7 % | 13.9 % |
| Adjusted EBITDA margin rate | 22.9 % | 22.8 % |

Non-GAAP Income Guidance Reconciliation

| (\$ in millions, except share and per share data) | 2017 Guidance | | | | | |
|------------------------------------------------------|---------------|------------|----------------------|----------|------------|----------------------|
| | Low End | | | High End | | |
| | Pretax | Net of Tax | Per Share Amounts | Pretax | Net of Tax | Per Share Amounts |
| GAAP income | \$ 42 | \$ 25 | \$ 0.49 | \$ 49 | \$ 29 | \$ 0.56 |
| Special charges ⁽¹⁾ | 0.5 | 0 | 0.01 | 0.5 | 0 | 0.01 |
| Non-GAAP income ⁽²⁾ | \$ 43 | \$ 26 | \$ 0.50 | \$ 49 | \$ 29 | \$ 0.57 |

⁽¹⁾ Shareholder and other litigation costs.⁽²⁾ Amounts may not foot due to rounding.**Adjusted EBITDA Guidance Reconciliation**

| (\$ in millions) | 2017 Guidance | |
|--------------------------------|---------------|----------|
| | Low End | High End |
| GAAP Net Income | \$ 25 | \$ 29 |
| Interest expense | 1 | 1 |
| Income taxes | 17 | 19 |
| Depreciation and amortization | 27 | 27 |
| Special charges ⁽¹⁾ | 0.5 | 0.5 |
| Stock based compensation | 3.5 | 3.5 |
| Adjusted EBITDA ⁽²⁾ | \$ 74 | \$ 80 |

⁽¹⁾ Shareholder and other litigation costs.⁽²⁾ Amounts may not foot due to rounding.**Contacts:**

Investors and Media:

Adam Hauser

763-852-2950

investorrelations@tileshop.com



THE TILE SHOP DECLARES REGULAR QUARTERLY DIVIDEND

MINNEAPOLIS – April 18, 2017 –The Board of Directors of Tile Shop Holdings, Inc (NASDAQ: TTS), a specialty retailer of manufactured and natural stone tiles, setting and maintenance materials, and related accessories, has declared a quarterly dividend of 5 cents per common share. The dividend is payable May 16, 2017 to shareholders of record at the close of business May 2, 2017.

About The Tile Shop

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The Tile Shop is a proud member of the American Society of Interior Designers (ASID), National Association of Homebuilders (NAHB), and the National Tile Contractors Association (NTCA). Visit www.tileshop.com. Join The Tile Shop (#thetileshop) on Facebook, Instagram, Pinterest and Twitter.

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