

UNITES 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 29, 2014

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) 852-2901
(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))
-

Item 2.02 Results of Operations and Financial Condition.

On April 29, 2014, Tile Shop Holdings, Inc. (the “Company”) issued a press release announcing its financial results for the three months ended March 31, 2014. 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 9.01 Financial Statements and Exhibits.

(d) Exhibits.

99.1 Press Release of Tile Shop Holdings, Inc., dated April 29, 2014.

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/ Timothy C. Clayton

Name: Timothy C. Clayton

Title: Chief Financial Officer

Date: April 29, 2014

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

Date of Report:
April 29, 2014

Commission File No.:
001-35629

Exhibit No.

Item

99.1 Press Release of Tile Shop Holdings, Inc., dated April 29, 2014.



THE TILE SHOP REPORTS FIRST QUARTER 2014 RESULTS

— 13.3% Sales Growth —
— Seven Stores Opened in 2014 YTD —
— Updates 2014 EPS Guidance —

April 29, 2014 – 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, 2014.

Net sales grew 13.3% to \$64.4 million for the quarter ended March 31, 2014 compared with \$56.8 million for the first quarter of 2013. The \$7.5 million increase in sales was driven by incremental net sales of \$8.8 million from stores not included in the comparable stores base, partly offset by a modest decrease in comparable store sales of 2.3% or \$1.3 million. Sales results were impacted by harsh winter weather conditions in important mid-west, mid-Atlantic and east coast markets where the majority of its stores are located. Comparable store sales improved sequentially throughout the quarter as weather challenges subsided, including positive comparable store sales growth in March. Additionally, stores located in more southern geographies delivered high single digit comparable store sales growth for the quarter.

“We were very encouraged by the meaningful improvement in sales that our stores delivered as the quarter progressed as we worked to overcome customer traffic and sales levels that were below our expectations given the extremely harsh winter weather conditions in our critical markets,” stated Robert Rucker, Chief Executive Officer. “We continue to focus on the execution of our growth strategy and the implementation of operational improvements to the business. In that regard, we are pleased with the pace of new store openings, the sequential improvement in gross profit margins in the quarter and the meaningful reduction in inventory levels. As we move forward and the large number of stores that were opened over the past two years mature, we firmly expect a return to our prior levels of profitability.”

The Company opened five new stores in the first quarter, four in new markets (Austin and Southlake, Texas; Albuquerque, New Mexico; and Scottsdale, Arizona) and one store in an existing market (Lincoln Park, Illinois). With the opening of the Fort Wayne, Indiana and Tempe, Arizona stores in April, the Company now has 95 locations in 30 states.

Non-GAAP Information

The Company presents non-GAAP net income to provide useful information to investors regarding the Company’s normal operating performance. Non-GAAP net income excludes non-recurring items and the non-cash change in fair value of warrants.

On a non-GAAP basis, net income for the quarter would have been \$4.4 million, compared to \$7.0 million in the comparable prior year period. Non-GAAP earnings per basic and diluted share for the quarter ended March 31, 2014 would have been \$0.09 and \$0.09 per share, based on 51.2 million and 51.5 million weighted average shares outstanding, respectively. Non-GAAP earnings per basic and diluted share for the quarter ended March 31, 2013 would have been \$0.16 and \$0.14 per share, based on 44.9 million and 50.6 million weighted average shares outstanding, respectively.

See the “Non-GAAP Net Income” table and the “Non-GAAP Financial Measures” section below for a reconciliation of non-GAAP to GAAP earnings.

| Non-GAAP Net Income (\$ in thousands, except share and per share data) | Three months ended | |
|---|--------------------|-------------|
| | March 31, | |
| | 2014 | 2013 |
| Reported income (loss) before income taxes | \$ 6,181 | \$ (40,453) |
| Change in fair value of warrants | - | 51,845 |
| Non-recurring investigation related and other unusual costs | 1,128 | 240 |
| Non-GAAP net income before taxes | 7,309 | 11,632 |
| Provision for income taxes | (2,924) | (4,653) |
| Non-GAAP net income | \$ 4,385 | \$ 6,979 |
| Weighted average basic shares outstanding | 51,166,766 | 44,854,988 |
| Weighted average diluted shares outstanding | 51,523,170 | 50,628,988 |
| Basic earnings per share | \$ 0.09 | \$ 0.16 |
| Diluted earnings per share | \$ 0.09 | \$ 0.14 |

For the quarter, Adjusted EBITDA was \$13.8 million compared to \$16.4 million in the same period of the prior year. The Company’s Adjusted EBITDA excludes non-recurring items, as further described in “Non-GAAP Financial Measures” below. The non-recurring costs incurred in the first quarter 2014 were \$1.1 million. See the “Adjusted EBITDA” table and “Non-GAAP Financial Measures” section below for a reconciliation of Adjusted EBITDA to net income.

| Adjusted EBITDA (\$ in thousands) | Three months ended | |
|---|--------------------|-------------|
| | March 31, | |
| | 2014 | 2013 |
| Net income (loss) | \$ 3,709 | \$ (44,717) |
| Interest expense | 711 | 594 |
| Income taxes | 2,472 | 4,264 |
| Change in fair value of warrants | - | 51,845 |
| Depreciation and amortization | 4,411 | 3,044 |
| Non-recurring investigation related and other unusual costs | 1,128 | 240 |
| Stock-based compensation | 1,397 | 1,092 |
| Adjusted EBITDA | \$ 13,828 | \$ 16,362 |

Financial Guidance

The Company is providing updated expectations for full year 2014, based on past performance, anticipated new store openings and current economic conditions. The Company notes that updated expectations include the impact from abnormally harsh winter weather conditions in most of its markets during the first quarter.

For the full year ended December 31, 2014 the Company expects:

| | <u>Guidance Range</u> |
|---|-----------------------|
| Net sales (\$ in millions) | \$280 to \$290 |
| Comparable Store Sales | 4% to 6% |
| Earnings per share | \$0.41 to \$0.45 |
| *assuming 70% gross margins and 51.7 million fully diluted shares outstanding | |
| New stores | 20 |

Webcast and Conference Call

The Company will host a conference call via live webcast for investors and other interested parties beginning at 5:00 p.m. Eastern Time on Tuesday, April 29, 2014. Participants may access the live webcast by visiting the Company's investor relations website at www.tileshop.com. The call can also be accessed by dialing (877) 407-3982, or (201) 493-6780 for international participants. The replay of the call will be available from approximately 8:00 p.m. Eastern Time on April 29, 2014 through midnight Eastern Time on May 13, 2014. To access the replay, the domestic dial-in number is (877) 870-5176, the international dial-in number is (858) 384-5517, and the passcode is 13579943. The archive of the webcast will be available on the Company's Web site for a limited time.

Additional details can be located in the filing at www.tileshop.com under the Financials – SEC Filings section of its Legal/Investors – Investor Relations page.

About Tile Shop Holdings and The Tile Shop

The Company is a 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 products, attractive prices, and exceptional customer service in an extensive showroom setting. The Company operates 95 stores in 30 states, with an average size of 23,000 square feet. The Company also sells its products on its website, www.tileshop.com.

Non-GAAP Financial Measures

The Company calculates Adjusted EBITDA by taking net income calculated in accordance with GAAP, and adjusting interest expense, income taxes, depreciation and amortization, non-cash change in fair value of warrants, stock based compensation and other non-recurring items including special investigation costs and equity related transaction costs. Adjusted EBITDA margin is equal to Adjusted EBITDA divided by net sales. Non-GAAP net income excludes non-cash change in fair value of warrants and other non-recurring items including special investigation costs and equity related transaction costs, net of tax.

We believe that these non-GAAP measures of financial results provide useful information to management and investors regarding certain financial and business trends relating to our financial condition and results of operations. Our management uses these non-GAAP measures to compare our 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 our board of directors. We believe that the use of these non-GAAP financial measures provide an additional tool for investors to use in evaluating ongoing operating results and trends and in comparing our financial measures with other specialty retailers, many of which present similar non-GAAP financial measures to investors.

Our 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 our 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. We urge investors to review the reconciliation of our non-GAAP financial measures to the comparable GAAP financial measures and not to rely on any single financial measure to evaluate our 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 plans, expected financial performance of new stores, the benefits of the Company’s operating model, and expected future cash flows. 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
Condensed Consolidated Balance Sheets
(\$ in thousands, except share data)

| | (Unaudited) March 31, 2014 | (Audited) December 31, 2013 |
|--|---|--|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 4,287 | \$ 1,761 |
| Trade receivables, net | 1,506 | 1,198 |
| Inventories | 66,282 | 72,067 |
| Income tax receivable | 4,013 | 9,528 |
| Deferred taxes and other current assets, net | 6,148 | 7,151 |
| Total current assets | 82,236 | 91,705 |
| Property, plant and equipment, net | 132,449 | 125,317 |
| Deferred taxes and other assets, net | 25,498 | 25,747 |
| TOTAL ASSETS | \$ 240,183 | \$ 242,769 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 13,517 | \$ 22,867 |
| Other accrued liabilities | 19,441 | 17,118 |
| Total current liabilities | 32,958 | 39,985 |
| Long-term debt, net | 89,750 | 91,646 |
| Capital lease obligation, net | 1,078 | 1,161 |
| Deferred rent | 27,151 | 25,560 |
| Other long-term liabilities | 4,272 | 4,554 |
| TOTAL LIABILITIES | 155,209 | 162,906 |
| Stockholders' equity: | | |
| Common stock, par value 0.0001; authorized: 100,000,000 shares; issued: 51,241,127 and 51,229,720 shares | 5 | 5 |
| Additional paid-in-capital | 171,121 | 169,719 |
| Preferred stock, par value \$0.001; authorized 10,000,000 shares; issued 0 shares | - | - |
| Accumulated deficit | (86,152) | (89,861) |
| Total stockholders' equity | 84,974 | 79,863 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ 240,183 | \$ 242,769 |

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

| | Three months ended | |
|--|---------------------------|--------------------|
| | March 31, | |
| | 2014 | 2013 |
| Net sales | \$ 64,379 | \$ 56,835 |
| Cost of sales | 19,446 | 16,462 |
| Gross profit | 44,933 | 40,373 |
| Selling, general and administrative expenses | 37,972 | 28,354 |
| Income from operations | 6,961 | 12,019 |
| Interest expense | 711 | 594 |
| Change in fair value of warrants | - | 51,845 |
| Other expense | (69) | (33) |
| Income (loss) before income taxes | 6,181 | (40,453) |
| Provision income taxes | (2,472) | (4,264) |
| Net income (loss) | \$ 3,709 | \$ (44,717) |
| Earnings (loss) per common share: | | |
| Basic | \$ 0.07 | \$ (1.00) |
| Diluted | \$ 0.07 | \$ (1.00) |
| Weighted average shares outstanding: | | |
| Basic | 51,166,766 | 44,854,988 |
| Diluted | 51,523,170 | 44,854,988 |

Contacts:

Investors and Media: Brad Cohen; 763-852-2988 investorrelations@tileshop.com