

8-K 1 form8k03725_01062010.htm

**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): January 6, 2010

THE LGL GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation)	1-106 (Commission File Number)	38-1799862 (IRS Employer Identification No.)
2525 Shader Road, Orlando, FL (Address of principal executive offices)		32804 (Zip Code)

Registrant's telephone number, including area code: (407) 298-2000

(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 (*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.

On January 6, 2010, the Company held an investor conference call and discussed the current business activities and strategy of the Company. A playback of the full conference call and the materials presented is available at the Company's website at www.lglgroup.com. A copy of the investor presentation is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

The information furnished pursuant to this Current Report on Form 8-K, including the Exhibit 99.1 hereto, shall not be considered "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be incorporated by reference into future filings by the Company under the Securities Act of 1933, as amended, or under the Exchange Act, unless the Company expressly sets forth in such future filings that such information is to be considered "filed" or incorporated by reference therein.

Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits*

<u>Exhibit No.</u>	<u>Description</u>
99.1	Investor Presentation dated January 6, 2010.

SIGNATURE

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.

January 6, 2010

THE LGL GROUP, INC.

By: /s/ Greg Anderson

Name: Greg Anderson

Title: President and Chief Executive Officer

EXHIBIT INDEX

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Exhibit 99.1



The LGL Group, Inc.
(AMEX: LGL)

Investor's Conference Call
January 6, 2010

Investor's Conference Call - 06.Jan.2010
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Investor's Conference Call - Jan 6, 2010
Agenda



- **Overview of The LGL Group**
- **Markets and Products**
- **Financial Outlook**
- **Strategic Discussions**
- **Key Investment Considerations**
- **Question and Answer**





Overview of The LGL Group

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Highlights



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- Businesses have been operating since 1965
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- Positioned well as a preferred supplier of complementary electronic components to our OEM customers

Overview of The LGL Group

Today's Strengths and Challenges



Our Historical Strengths

- High quality products at the top end of the market
- Great brand equity in the marketplace
- Solid blue chip customer base comprised of global industrial companies
- Long and successful history in the frequency/timing components marketplace
- Global base of operations and sales infrastructure

Recent Challenges

- Global economic slowdown
- Reliance on single line of product family
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Positioned for Profitable Growth



Top Line Revenue Opportunities

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Markets and Products

Markets and Products

Key Market Dynamics



Large, fragmented global market

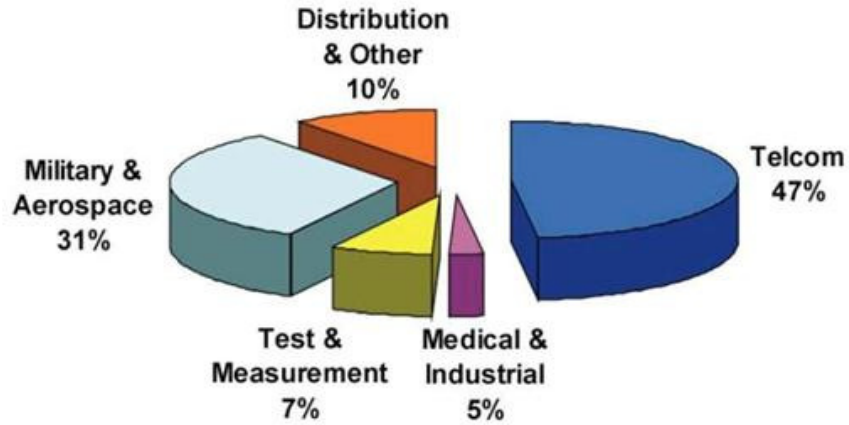
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Markets and Products
Market Segments



Available Global Market: \$800 Million

Markets and Products

Our Target Segments



Military, Instrumentation, Space, and Avionics (MISA)

- Radar/Navigation
- Communications
- Electronic warfare
- Weaponry
- Instrumentation (Test & Measurement)



Telecommunications & Networking Infrastructure

- Cell phone base stations
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Markets and Products

Product Philosophy

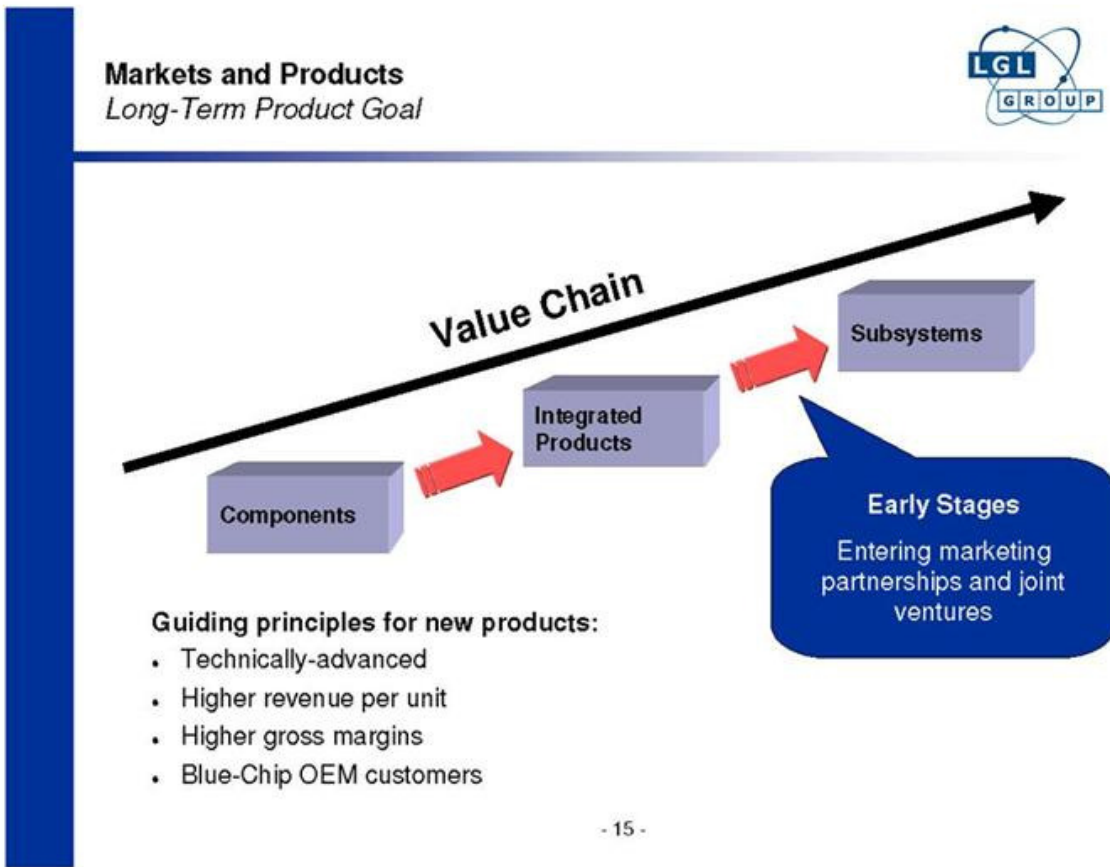


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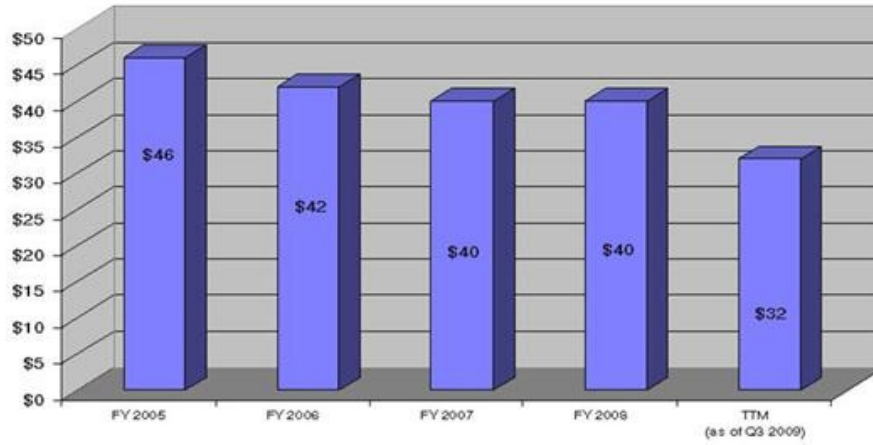
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Financial Summary

Revenue Trend



LGL Consolidated Revenue
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Financial Summary

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(\$ in millions, except EPS)	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY2008</u>	<u>TTM (as of Q3 2009)</u>
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Financial Summary

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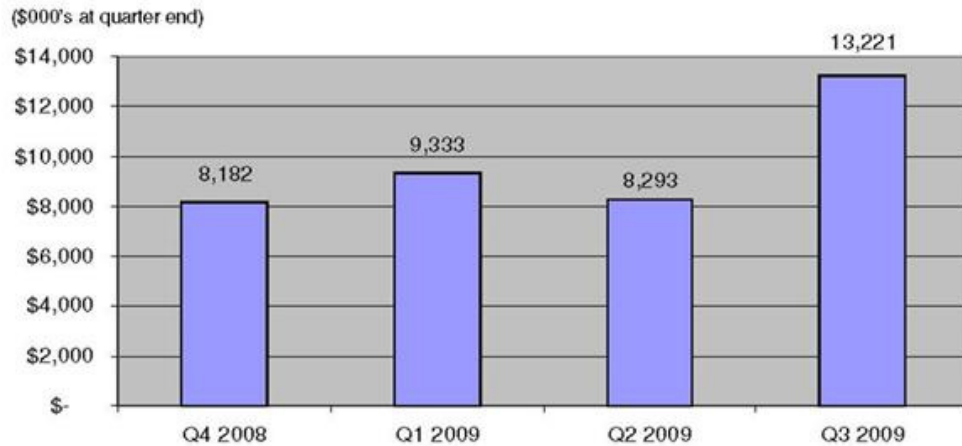
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* Data as of Sept. 30, 2009

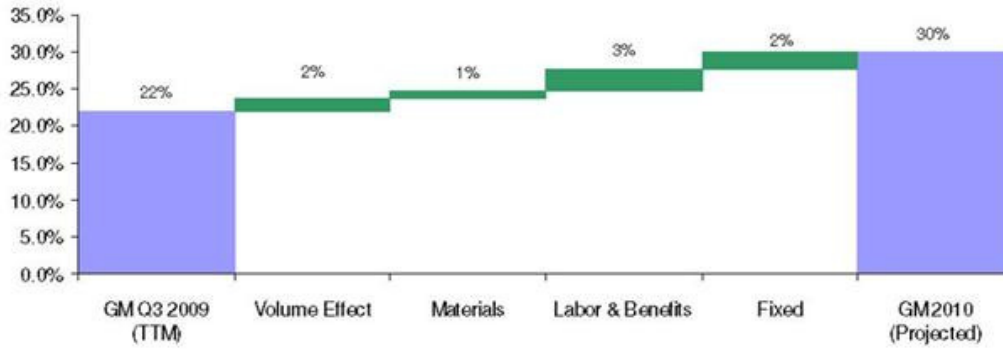
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Order Backlog



- Significant bookings during Q3 2009 has increased the total backlog by 59% compared to Q2 2009
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Financial Summary
Gross Margin Analysis



- This chart represents management's best assessment of what will contribute to gross margin improvement during future quarters.
- The benefits of initiatives undertaken in 2009 will continue to contribute into 2010.

Financial Summary

Key Takeaways



Improving Macro Market Conditions

- MISA companies are leading the recovery as a promising growth segment
- Solid bookings in 3rd and 4th quarters as key MISA and Telecom customers are rebuilding their inventories over rising industrial demand
- Current pipeline for 2010 over \$40 million in verbal commitments by top 15 customers on top of the solid fourth quarter bookings figures
- 2010 top line growth expected to exceed 10% with improved bottom line performance with a marquee list of blue chip customers

Promising Organizational Dynamics

- Defined timeline to align resources into the best manufacturing locations to maximize efficiencies
- 2009 right sizing resulting in permanent annual savings of over \$3 Million across the entire enterprise
- Operating efficiencies provide the potential to deliver gross margins up to 30%, a respectable industry-wide figure
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Strategic Discussions

Strategic Discussions

Recent Activity



Over last nine months, we have engaged in strategic dialogues with several of our market participants regarding joint ventures, marketing partnerships, and synergistic competencies. Our key motives have been:

- Opportunity for product portfolio expansion
 - Continue to provide discrete filters, crystals, and oscillators
 - Embed into integrated circuits and core platforms
- Comprehensive coverage of telecom, technology, and MISA market segments by leveraging respective sales and product competencies
 - Consolidate position as the “one-stop” vendor to top customers
 - Expand into growing geographies of India and China
- Cross-sell and up-sell opportunities of complementary products
 - Integrate deeper into customer’s broader product portfolio
 - Perceived as a critical integrated vendor vs. “one-trick pony”
- Exploit higher gross margin potential
 - Reduced material costs through larger quantity buying
 - Improve manufacturing operations with shared know-how
 - Reduce redundant CapEx and more fully utilize existing capacity

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Strategic Discussions

Potential for Business Combinations



As a result of these strategic discussions, we were approached regarding a potential combination, including expressions of interest to acquire the Company.

Major incentives for a potential combination might include:

- Reduced sales expenses through consolidation and better leverage for third party commission rates
- Reduced engineering expenses through elimination of redundant product development programs
- Reduced administrative expenses by eliminating accounting/finance and other duplicative administrative costs

Strategic Discussions

Internal M&A Process



To address the external interest in acquiring our Company, a Special Committee of the Board was formed comprised of independent directors.

- No purchase offer has been proposed to date despite the indications of interest
- In light of recent top line improvement and bottom line path to profitability, management believes that these factors will create significant shareholder value beyond the current stock price.
- The Board of Directors, as part of its fiduciary duty to all the shareholders, will continue to keep its options open for the company if serious firm combination offers are presented that are fair and value maximizing



Key Investment Considerations

Key Investment Considerations

Strategic Direction



Right-size the Company for today's macro economic conditions

- Clear focus on cash flow and cash preservation
- Realigned manufacturing resources to take advantage of each location's primary competencies

Relentless focus on improving margins

- Focused engineering work for higher revenue products
- Expanded use of India manufacturing facility
- Grow in the use of Asian contract facilities
- Align U.S. operations to maximize efficiencies

Preserve and grow core engineering expertise

- Engineer and expand "Value Chain" product offerings
- Leverage relationships with integrated circuit (ASIC) companies
- Go to market with new technology companies and leverage our access to key OEM's

Key Investment Considerations

Strategic Direction



Maintain key OEM relationships

- Increased focus on customer service and building supply chain flexibility for our customers
- Maximize contract positions for 2010 and beyond

Expand OEM position in China and India

- Leverage supplier and partner relationships
- Grow with U.S. OEM manufacturers into Asia

Expand Product Offerings

- Growth from sourcing partners for complementary products
- Fill gaps in our offerings to OEM customers

Key Investment Considerations

Compelling Investment Opportunity



The Company's attributes include:

- Established reputation for high quality and innovation
 - Custom engineering capabilities and advanced technological designs
 - Platform for growth into existing customer base

- Global manufacturing and sales presence
 - Target high growth electronic verticals (military, avionics, orbital space, instrumentation, mobile communications) in developed markets
 - Positioned for expansion into emerging growth markets of India and China
 - Leverage preferred position with OEM customers for complementary products

- Talented new management team in place
 - Dedicated focus on new revenue opportunities
 - Relentless drive to streamline cost structure and global supply chain

Key Investment Considerations
Blue-Chip Customer Base



The Company has a long history of providing custom-engineered, high-value products to a roster of blue chip global OEM customers...



Key Investment Considerations

Improved Investor Relations



During 2010, the Company expects to improve investor relations by...

- Improve operating earnings and move to positive net income
- Provide regular updates to the Company's stakeholders through the following:
 - Periodic conference calls at least twice annually
 - Updates through media sources such as the Wall Street Reporter
 - Earnings releases in advance of quarterly financial reports
- Improved investor relations information on Company website
 - Revamped website with more information, including recent slide presentations and conference call playback capability
 - Updated lists of press releases and SEC filings
- Participation in selected upcoming investor conferences

Key Investment Considerations
Summary



Question and Answer



Visit us:

www.lglgroup.com
www.mtronpti.com

Contact us:

Greg Anderson, President and CEO
(E-mail: ganderson@lglgroup.com)

LaDuane Clifton, Corporate Controller
(E-mail: lclifton@lglgroup.com)

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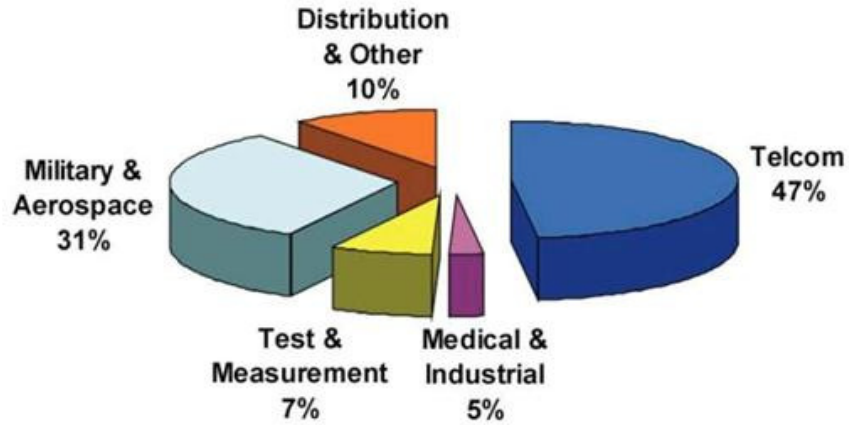
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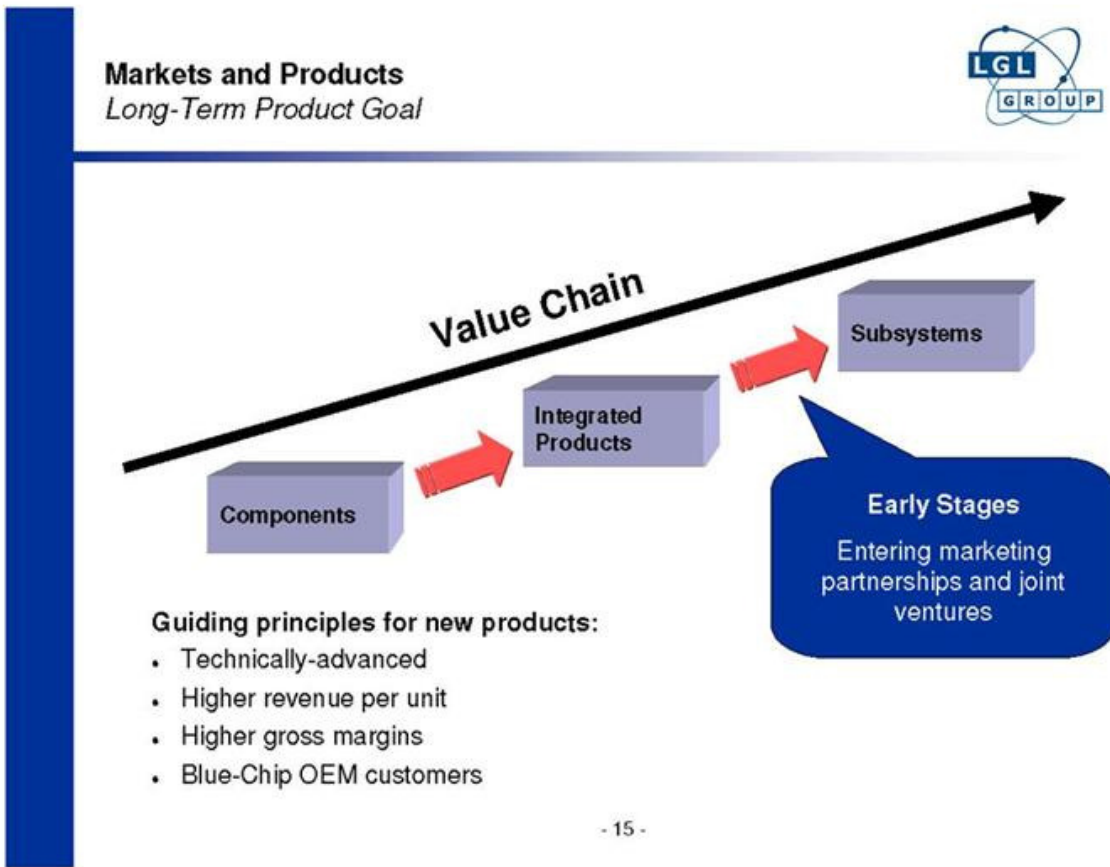


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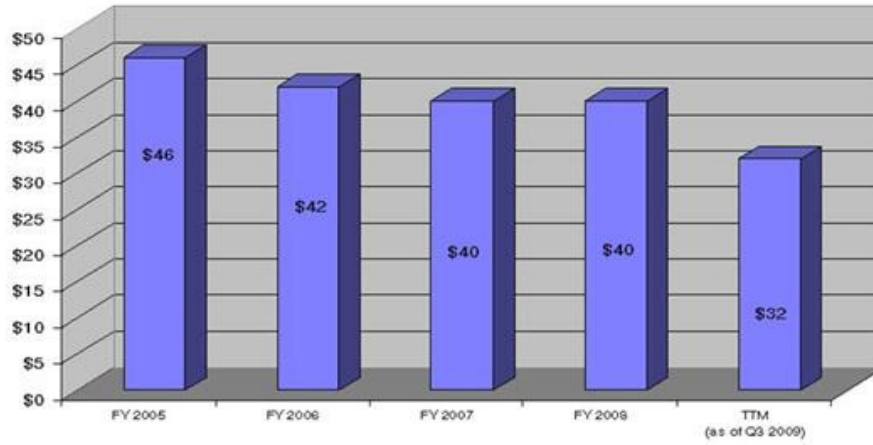
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Financial Summary

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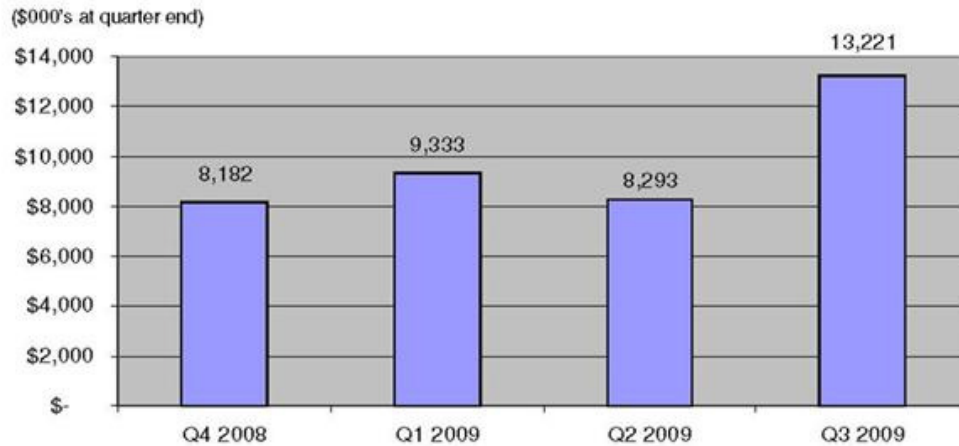


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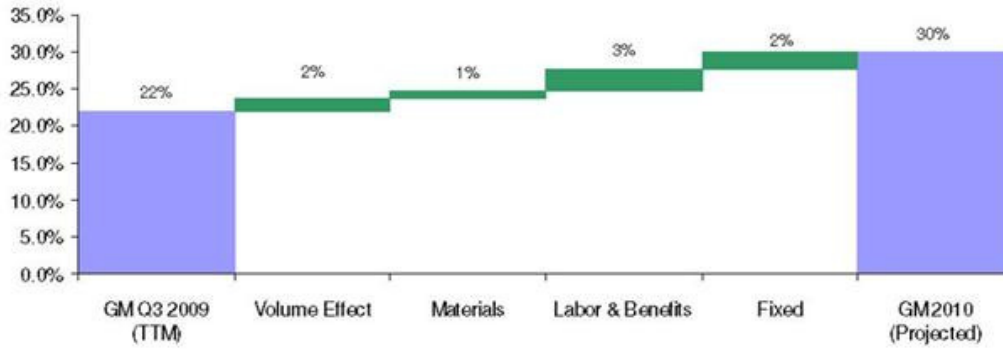
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 - Reduce redundant CapEx and more fully utilize existing capacity

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Strategic Discussions

Potential for Business Combinations



As a result of these strategic discussions, we were approached regarding a potential combination, including expressions of interest to acquire the Company.

Major incentives for a potential combination might include:

- Reduced sales expenses through consolidation and better leverage for third party commission rates
- Reduced engineering expenses through elimination of redundant product development programs
- Reduced administrative expenses by eliminating accounting/finance and other duplicative administrative costs

Strategic Discussions

Internal M&A Process



To address the external interest in acquiring our Company, a Special Committee of the Board was formed comprised of independent directors.

- No purchase offer has been proposed to date despite the indications of interest
- In light of recent top line improvement and bottom line path to profitability, management believes that these factors will create significant shareholder value beyond the current stock price.
- The Board of Directors, as part of its fiduciary duty to all the shareholders, will continue to keep its options open for the company if serious firm combination offers are presented that are fair and value maximizing



Key Investment Considerations

Key Investment Considerations

Strategic Direction



Right-size the Company for today's macro economic conditions

- Clear focus on cash flow and cash preservation
- Realigned manufacturing resources to take advantage of each location's primary competencies

Relentless focus on improving margins

- Focused engineering work for higher revenue products
- Expanded use of India manufacturing facility
- Grow in the use of Asian contract facilities
- Align U.S. operations to maximize efficiencies

Preserve and grow core engineering expertise

- Engineer and expand "Value Chain" product offerings
- Leverage relationships with integrated circuit (ASIC) companies
- Go to market with new technology companies and leverage our access to key OEM's

Key Investment Considerations

Strategic Direction



Maintain key OEM relationships

- Increased focus on customer service and building supply chain flexibility for our customers
- Maximize contract positions for 2010 and beyond

Expand OEM position in China and India

- Leverage supplier and partner relationships
- Grow with U.S. OEM manufacturers into Asia

Expand Product Offerings

- Growth from sourcing partners for complementary products
- Fill gaps in our offerings to OEM customers

Key Investment Considerations

Compelling Investment Opportunity



The Company's attributes include:

- Established reputation for high quality and innovation
 - Custom engineering capabilities and advanced technological designs
 - Platform for growth into existing customer base

- Global manufacturing and sales presence
 - Target high growth electronic verticals (military, avionics, orbital space, instrumentation, mobile communications) in developed markets
 - Positioned for expansion into emerging growth markets of India and China
 - Leverage preferred position with OEM customers for complementary products

- Talented new management team in place
 - Dedicated focus on new revenue opportunities
 - Relentless drive to streamline cost structure and global supply chain

Key Investment Considerations
Blue-Chip Customer Base



The Company has a long history of providing custom-engineered, high-value products to a roster of blue chip global OEM customers...



Key Investment Considerations

Improved Investor Relations



During 2010, the Company expects to improve investor relations by...

- Improve operating earnings and move to positive net income
- Provide regular updates to the Company's stakeholders through the following:
 - Periodic conference calls at least twice annually
 - Updates through media sources such as the Wall Street Reporter
 - Earnings releases in advance of quarterly financial reports
- Improved investor relations information on Company website
 - Revamped website with more information, including recent slide presentations and conference call playback capability
 - Updated lists of press releases and SEC filings
- Participation in selected upcoming investor conferences

Key Investment Considerations
Summary



Question and Answer



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