



The LGL Group, Inc.

(AMEX: LGL)

Q1 2012 Earnings Report
May 15, 2012 – 10:00 a.m. ET



Safe Harbor Statement

This document includes certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on management’s current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from these expectations. These risks and uncertainties are described in more detail in The LGL Group’s filings with the Securities and Exchange Commission.

In addition, non-GAAP financial measures may be presented. Management believes the non-GAAP financial information provided is useful to investors’ understanding and assessment of our ongoing core operations and prospects for the future. The presentation of this non-GAAP financial information is not intended to be considered in isolation or as a substitute for results prepared in accordance with GAAP. Management uses both GAAP and non-GAAP information in evaluating and operating the business internally and as such has determined that it is important to provide this information to investors.

Publicly traded global corporation

Formed in 1917

IPO in 1946

MtronPTI subsidiary 1965



\$34 million

Global revenue

\$7.50

\$13.35

\$19.5 million

\$13.4 million

\$2.1 billion

TTM annual revenue March 31, 2012

50% overseas


Stock price 5/14/2012

52-week high

market capitalization

available cash March 31, 2012


total annual worldwide market

 \$7.2M revenues
(20%) down compared to Q1 2011

22.3% gross margin
(10) percentage point change compared to Q1 2011

(\$0.23) loss per share

New orders soft for both the Telecom and MISA segments

 \$8.9M backlog at end of Q1 2012, compared to
\$8.6M end of Q4 2011

Held all major clients... *Increased position at some*

Generating cash from operations

Engineering backlog robust

Overall weak macroeconomic climate

major clients and prospects sit on the sidelines
delay microelectronics expense

Newer technologies (ex. 4G) taking longer to coalesce

further delaying orders

Key competitors impacted as well

believe we've held share; gained in some

Analysts suggest semiconductor recovery second half of 2012

Positioned well to benefit from this anticipated pick-up

Strong operating leverage

PC Mag.com, April 30, 2012

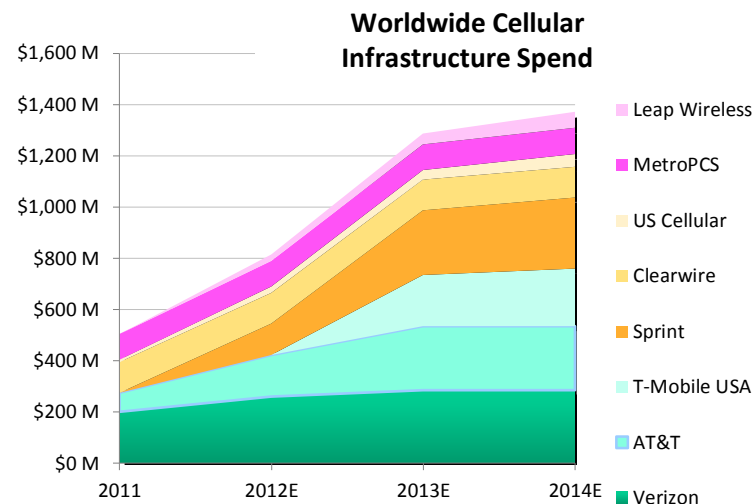
MORE GROWTH FORECAST for 2012

"The current semiconductor cycle, which started mid-2011, will bottom out in the second quarter of 2012 and fab utilization rates will pick up and accelerate in the second half of this year," IDC analyst Mali Venkatesan said. "Overall, IDC expects 2012 semiconductor revenue growth to be in the 6 to 7 percent range."

What will drive 4G / LTE growth?

- Carrier competition
- Continued shift to smart phones
- Tablets wireless ready

⇒ **Primary internet connection becoming wireless**



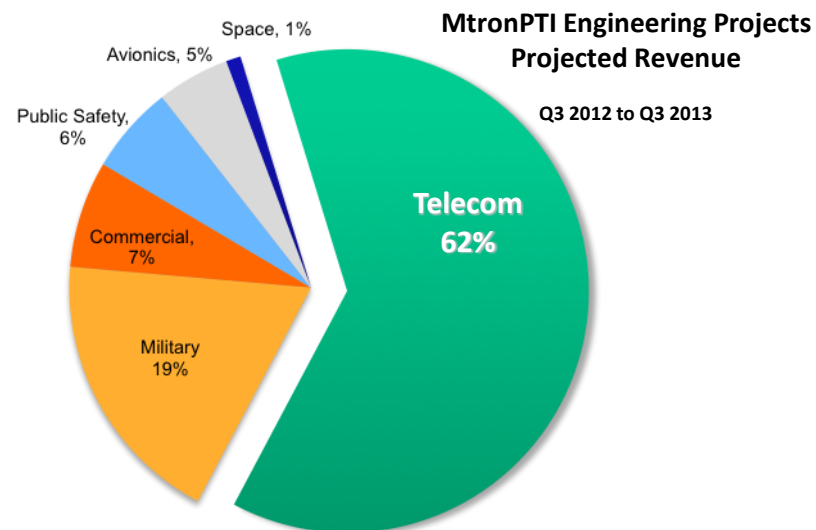
Source: J.P Morgan estimates

More data + more cells = more timing control

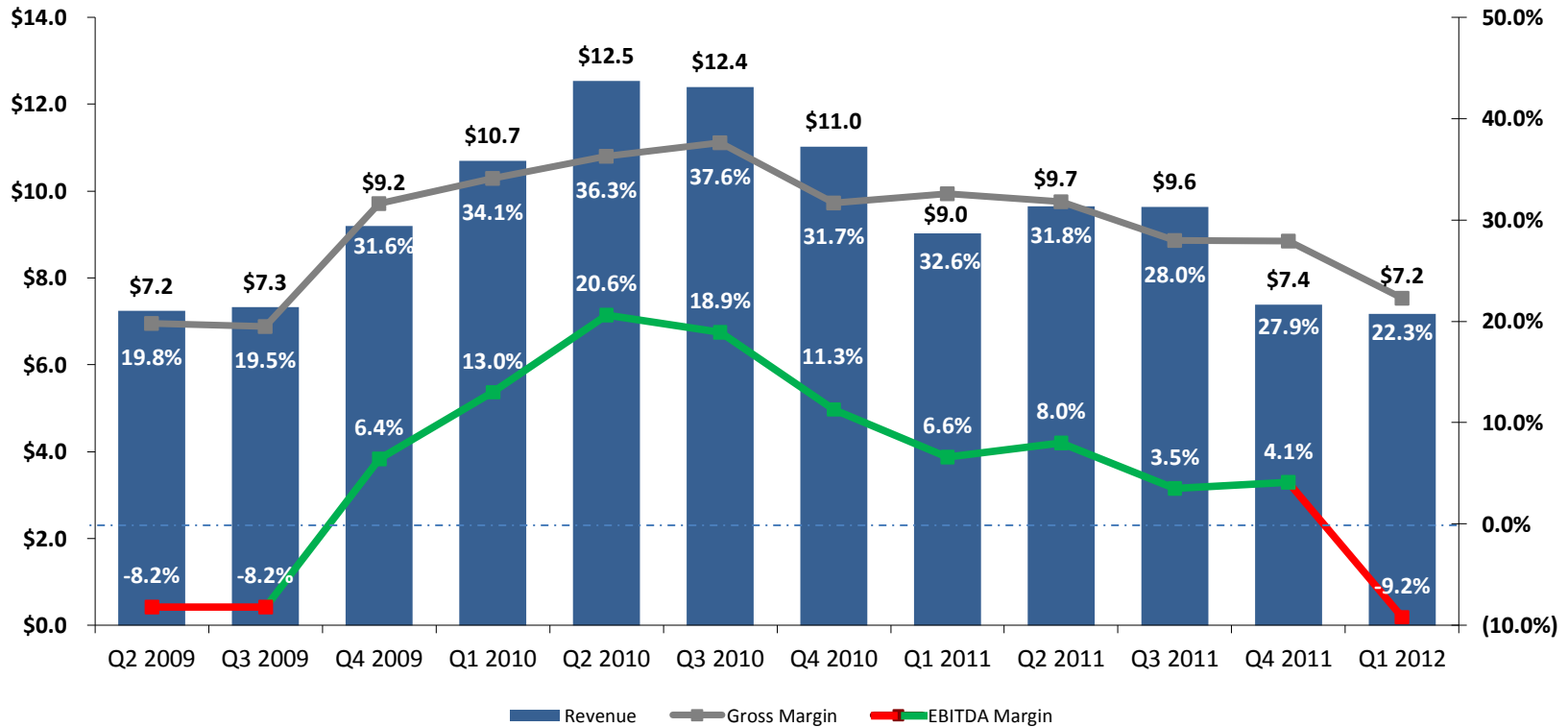
- Data vs. voice: >300X data growth rate¹
- Femto cell: 3.2 M₂₀₁₂ to 62.4 M₂₀₁₆ – 2000%
88% of all base stations²

Timing solutions required every step of the way:
>10 instances user to cloud³

¹ February 28, 2012 – Informa Telecoms & Media:
“Small cells to make up almost 90% of all base stations by 2016”
² <http://investor.shareholder.com/jpmorganchase/release/detail.cfm?releaseid=586960>
³ MtronPTI company estimate

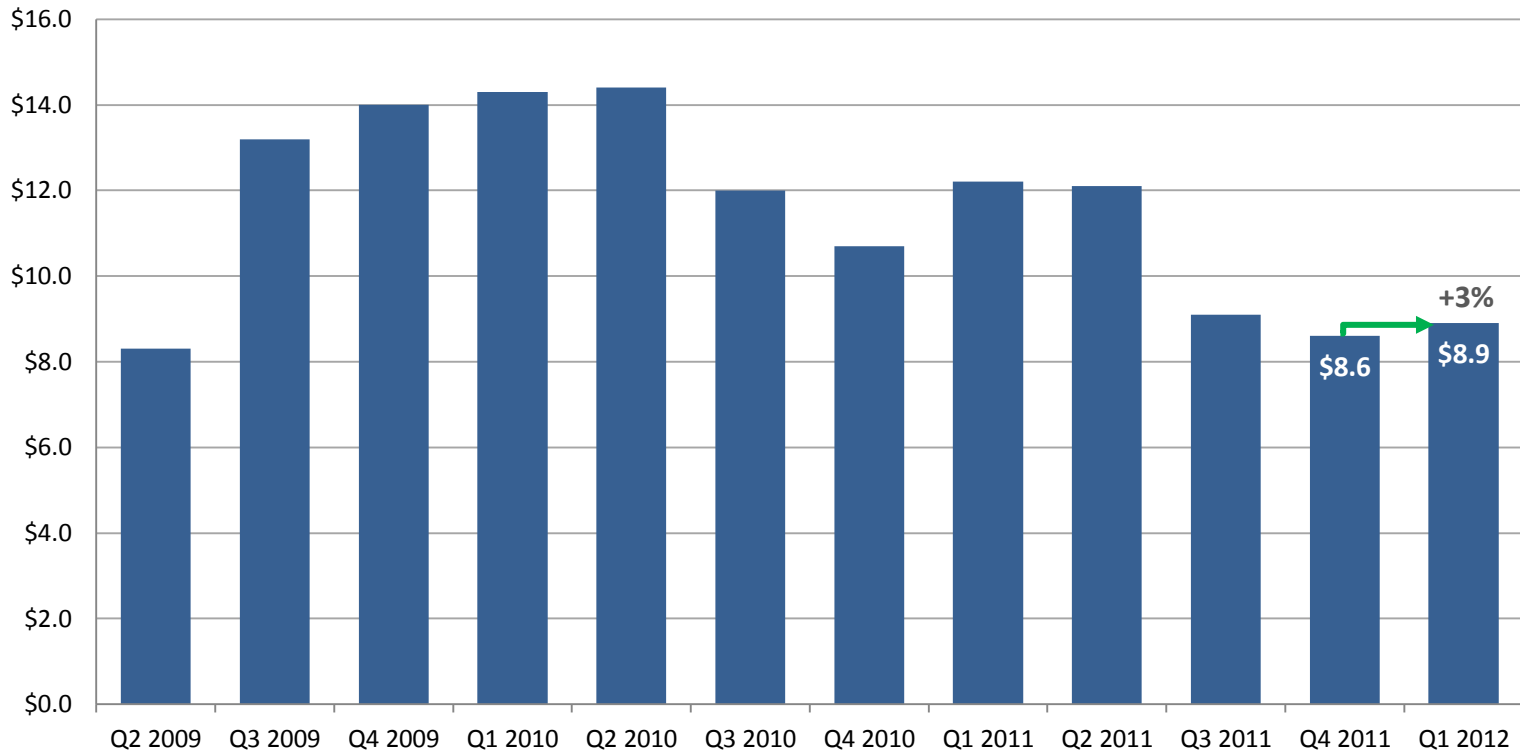


Quarterly Income Statement Trends



Decrease in revenue and challenges in factory costs drove gross margin down and impacted EBITDA margin.

Order Backlog



Positive book to bill ratio for Q1 2012 led to modest 3% increase in backlog compared to Q4 2011



Solid Capital Position

Capital Position as of March 31, 2012

Total Assets	\$ 32.1M
Net Working Capital	17.2M
Cash Adjusted Working Capital	7.3M
Cash and Cash Equivalents	13.4M
Total Debt	3.3M
Shareholder's Equity	25.1M
Available Lines of Credit	\$ 2.0M

Balance sheet remains strong, well-positioned to weather the cycle

Significant capital flexibility to gain benefits of strong operating leverage when cycle turns

Generated \$131K of cash from operations during Q1 2012



GAAP to Non-GAAP Reconciliation

Computation of Adjusted Working Capital:

(000's)	As of 3/31/2012
Accounts receivable, net	\$ 3,807
Inventory, net	5,840
Less: accounts payable	(2,392)
Adjusted working capital	<u>\$ 7,255</u>

The Company uses non-GAAP additional measures of operating results, net earnings and earnings per share adjusted to exclude certain costs, expenses, gains and losses we believe appropriate to enhance an overall understanding of our past financial performance and also our prospects for the future. These adjustments to our GAAP results are made with the intent of providing both management and investors a more complete understanding of the underlying operational results and trends and our marketplace performance. For example, the non-GAAP results are an indication of our baseline performance before gains, losses or other charges that are considered by management to be outside of our core business segment operational results. The presentation of this additional information is not meant to be considered in isolation or as a substitute for net earnings or diluted earnings per share prepared in accordance with generally accepted accounting principles in the United States.



Major clients reporting market softness



Repeat orders from existing contracts sluggish



Semiconductor industry predicting **growth in H2**



Solid working capital position



Strong design backlog for engineering



Starting to see **modest improvement in backlog**



Visit us:

www.lglgroup.com

www.mtronpti.com

Contact us:

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

LaDuane Clifton, Chief Accounting Officer
(e-mail: lclifton@lglgroup.com)

Voice: (407) 298-2000