



The LGL Group, Inc.
(NYSE MKT: LGL)

Marcum LLP's 2nd Annual MicroCap Conference
May 30, 2013



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



\$30 million

Global revenue

\$5.51

\$7.00

\$14.4 million

\$9.3 million

\$1.7 billion

TTM annual revenue March 31, 2013

50% outside U.S.

Stock price 5/24/2013

52-week high

market capitalization

cash and cash equivalents March 31, 2013

total annual worldwide market



Attractive Investment Opportunity

We believe our stock is undervalued in the market relative to intrinsic value:

\$5.51 Share price as of 5/24/2013

0.3x Revenue multiple LTM
compared to mean of 1.1x for peer companies

\$9.49 Book value

\$3.59 Cash and cash equivalents per share March 31, 2013

\$3.16 Adjusted working capital (AR + Inventory – AP) March 31, 2013

Currently trading at 0.8x of working capital, and 0.6x book value

Design, manufacture and market customized high-precision components used for frequency control in electronic systems:

~50 years experience

precision filter and timing solutions, industry experts

Blue-chip clients

long product cycles, preferred supplier relationships

Diverse markets

aerospace, communications, defense, instrumentation

Global footprint

worldwide sales, manufacturing and supply chain

Industry leader

technology, reliability, convenience, and support



Platform Technology

- Quartz timing** used in all digital electronics
 - Reliability leader in precision quartz oscillators
 - Wide product range / performance / price
- High frequency filters** essential to wireless comm
 - ~50 years of RF, VHF, UHF, μ wave filter leadership
- Custom / semi-custom** approach supports client cost down efforts
- Technology experience** enhances client product performance and reliability
- Balance & synergy**
 - 65% Aerospace/Defense and Instrumentation
 - 35% Internet Communications Technology (ICT)

High Performance Markets

ICT



Defense



Aerospace



Instrumentation



Aerospace/Defense (65% revenue - 2012)

- Software-defined radio
- IED-jamming RF system
- Man-pack radios
- Next-generation UAVs
- Orbital space communications

ICT (35% revenue - 2012)

- Optical switches and routers
- Point-to-point radio systems
- Wireless base stations
- GPS navigation

Products



Applications



We have a long history of providing custom-engineered, high-value products to a roster of blue-chip global OEM clients...

Design wins drive recurring revenue; **product life cycles > 5 years**

Focus on **high performance/high reliability** applications

Clients commit to estimated annual volumes with fixed pricing

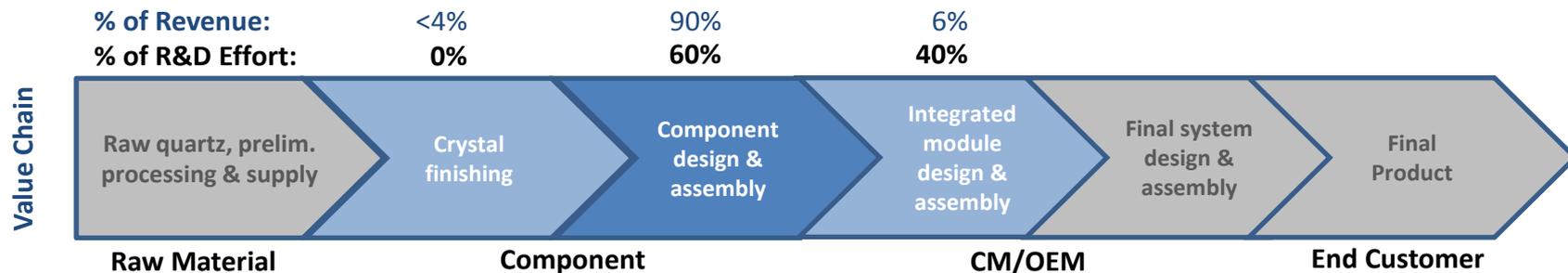
Long term sales support/relationships = trust, preference, sole source positions

ICT clients include:

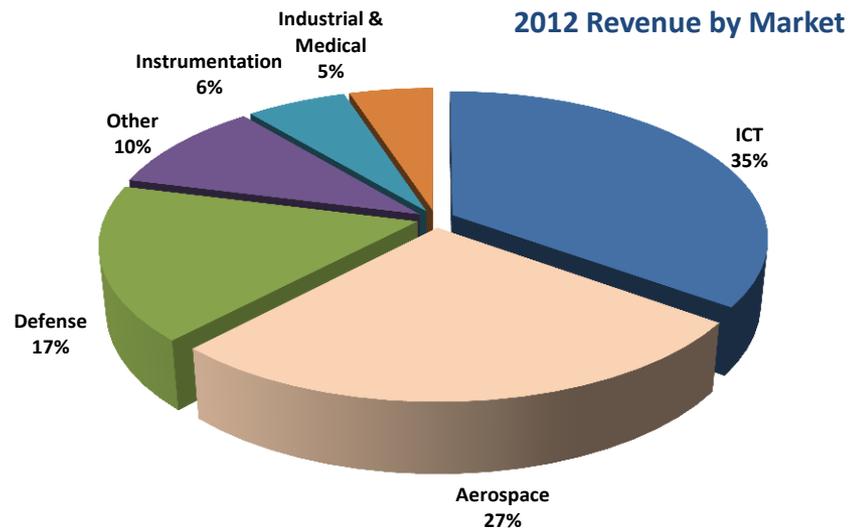
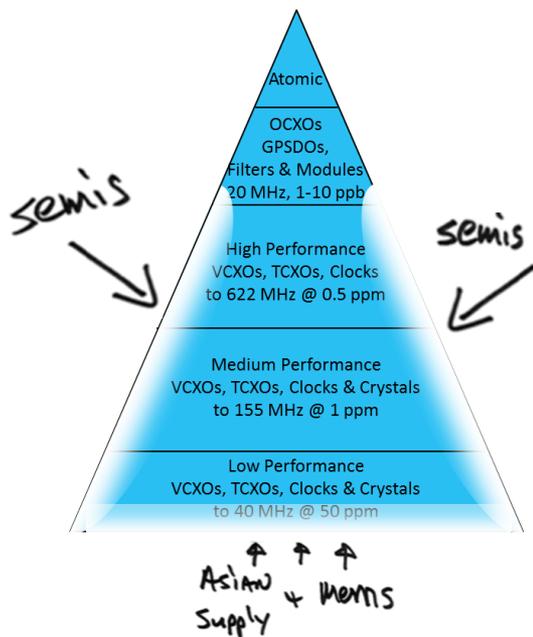


Aerospace/Defense clients include:

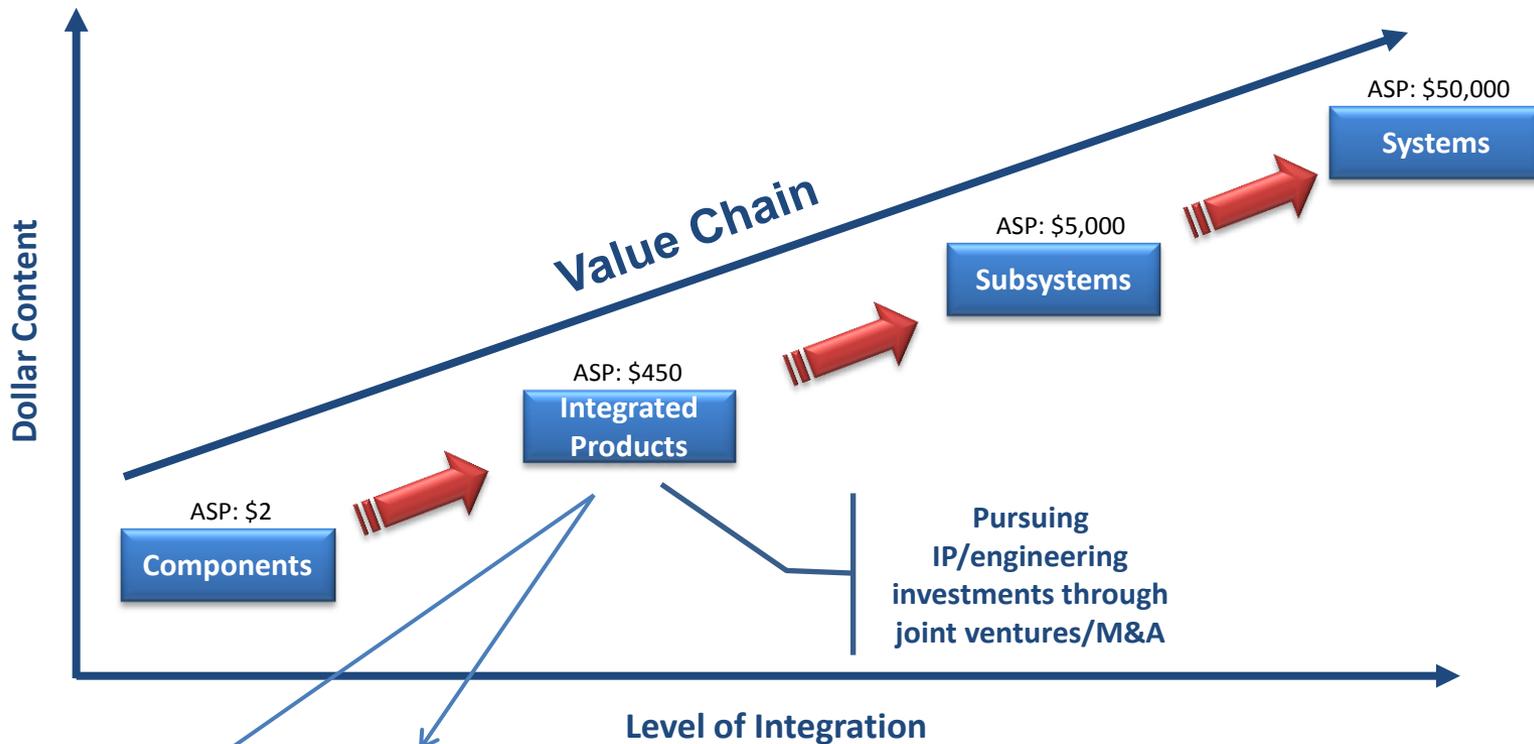




Technology Pyramid



Source: company estimates



M9107
GPS Disciplined
Oscillator



TF0108-001
Tunable Filter

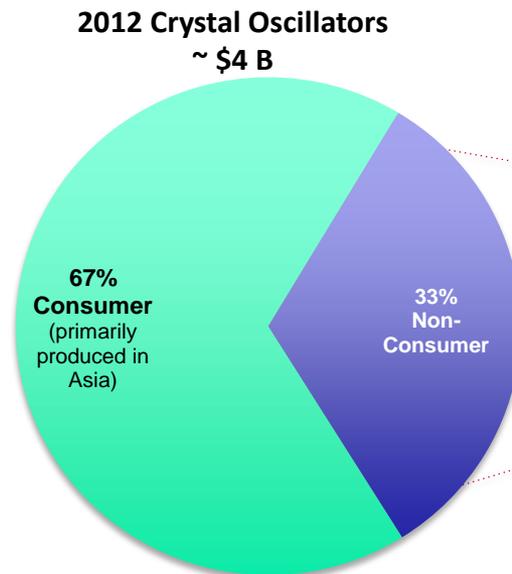
Guiding principles for new products:

- Long and sticky product life cycle
- Higher revenue per unit, higher GM
- Technically-advanced, greater capability integration

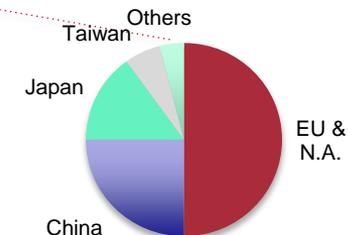
~\$4 billion crystal oscillator market

6% CAGR through 2017

¹Source: Databeans 2012 Timing Devices Report



Precision Timing ~ \$1.3 B



Source: company estimates

Fragmented, competitive

Large Japanese players target consumer devices

Precision players typically small divisions of large industrials or specialty engineering firms

M&A activity increasing, industry consolidation opportunities

\$1.3 B Precision market dominated by ICT requirements

ICT spending has not fully recovered since the systemic shocks in 2011, but bandwidth demand is accelerating with >200 4G/LTE phones on the market...

4G/LTE **\$0.6 B₂₀₁₀** **\$2.1 B₂₀₁₁** **\$13 B₂₀₁₅** **CAGR >45%**

2G/3G/4G \$46 B₂₀₁₀ \$51 B₂₀₁₅ CAGR 5%

North America leads today, spend is shifting to Asia Pacific (68% of total by 2015)

Mindcommerce – Jan 2012

RF/Microwave market: ~40% high performance applications
 - Precision filters \$400M₂₀₁₂; **10% CAGR to \$580M₂₀₁₆**

RF/Microwave Filter Market

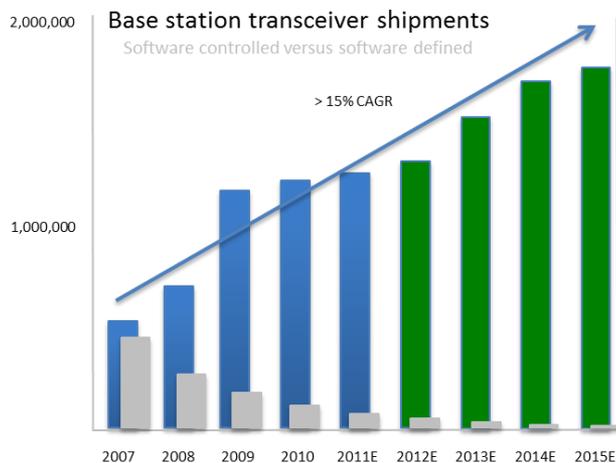
2012 ~ \$1.1B

Addressable = \$0.4B

Radio architectures are changing to SDR

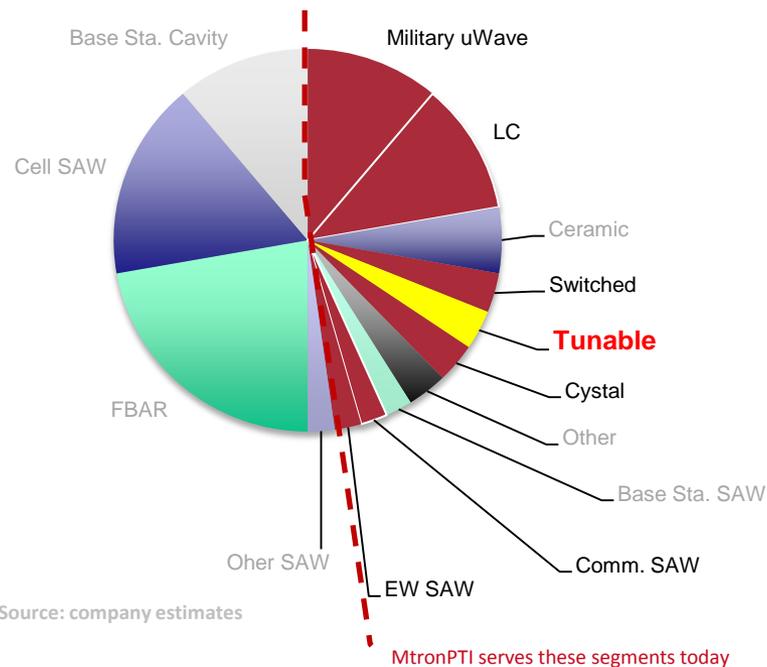
Multi-band radios driving tunable filter growth

Source: Lauren Robin, Activity Leader, Yole Development
 "RF filters, PAs, Antenna Switches & Tunability for Cellular Handsets", April 2012;
 Company estimates



Source: <http://www.wirelessinnovation.org/> SDR Rate of Adoption - 2011 study results

Software-defined radio:
15% CAGR through 2015



Small Company, Global Presence



Over 400 people

10 sales and technical support sites

>30 representative firms

155,000 ft²

US and India manufacturing

Multiple contract factories



Extend technology and IP position

- R&D investments in tunable filter platform
- Investments in high-performance timing for aerospace, new materials for harsh environments
- *Shifting into products that are higher in the value chain (modules, subsystems), leading to higher ASP and GM*

Grow revenue with strategic/emerging clients

- Increased sales support to leverage existing customers, gain share, market expansion
- Incremental capacity investments

Joint venture opportunities

- Intellectual property expansion
- Strategically expand supply chain and improve manufacturing flexibility

M&A: Synergistic acquisitions

- Focus on high value-added engineering complements
- Mix shift towards lower volume, higher average sale price and margins
- Increase levels of customization, deeper within OEM design cycles

Greenfield opportunities

- Targeted value creation outside of precision engineering and electronics
- New markets, new customers, new products, consistent with our history of new business dev.



Greg Anderson, President and CEO

24+ years in high-tech manufacturing; Business Development Mgr. and Operations Mgr. at 3M Corporation, Imation

LaDuane Clifton, CPA, Chief Financial Officer

17+ years in finance and accounting with public companies; CFO at a21, auditor at KPMG, finance/accounting at Aetna

Mike Howard, VP Engineering – Filter

42+ years in Microwave/RF, began at Salford Electrical Instruments, senior member of IEEE since 2005

Joe Doyle, VP Engineering – Timing

32+ years in RF/integrated circuit design, semiconductor physics, modeling; staff engineer at Motorola , Champion Tech.

Paul Dechen, VP Sales – Aerospace/Defense

28+ years in Aero/Defense sales and marketing experience in frequency control and filters

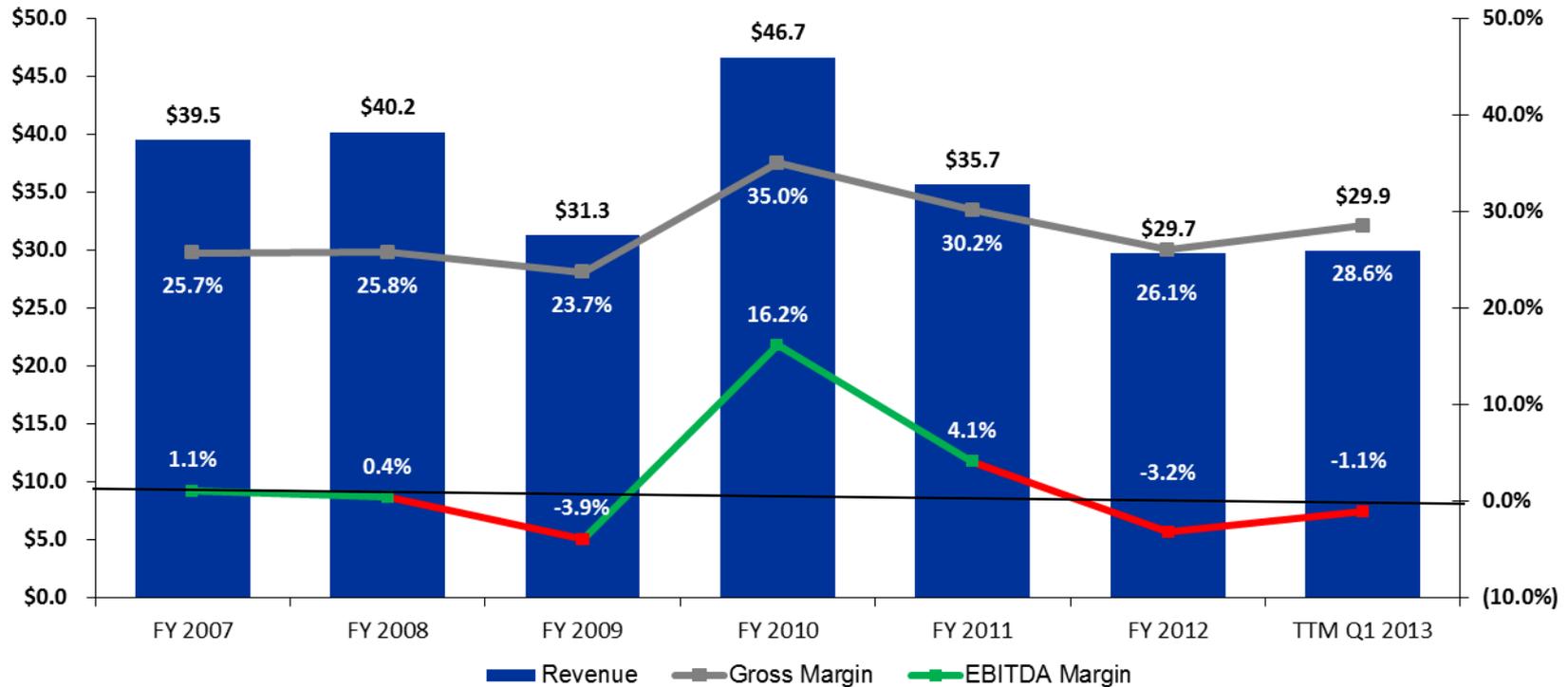
Dick Thompson, VP Sales – ICT

22+ years in frequency control and timing sales and marketing; sales leader at Vishay-Dale and Champion Tech.



Financial Review

Revenue, Gross Margin and EBITDA
(\$ in millions, except percentages)



Note: Revenues for 2006 through a portion of 2007 are adjusted to exclude Lynch Systems, whose operating assets were sold in 2007.



Capital Position as of:

| | 3/31/2013 | 12/31/2012 |
|-------------------------------|-----------|------------|
| Total Assets | \$ 28.9M | \$ 29.6M |
| Net Working Capital | 16.6M | 16.6M |
| Cash-Adjusted Working Capital | 8.2M | 7.2M |
| Cash and Cash Equivalents | 9.3M | 10.1M |
| Total Debt | 1.4M | 1.3M |
| Shareholders' Equity | 24.6M | 24.6M |

- Cash and cash equivalents of **\$3.59 per share** at 03/31/2013
- Cash-adjusted working capital of **\$3.16 per share** at 03/31/2013
- Book value of **\$9.49 per share** at 03/31/2013

Capital position strong

organic investments (client service, ERP, website, capacity and capabilities)
joint venture/M&A

R&D investments in target markets

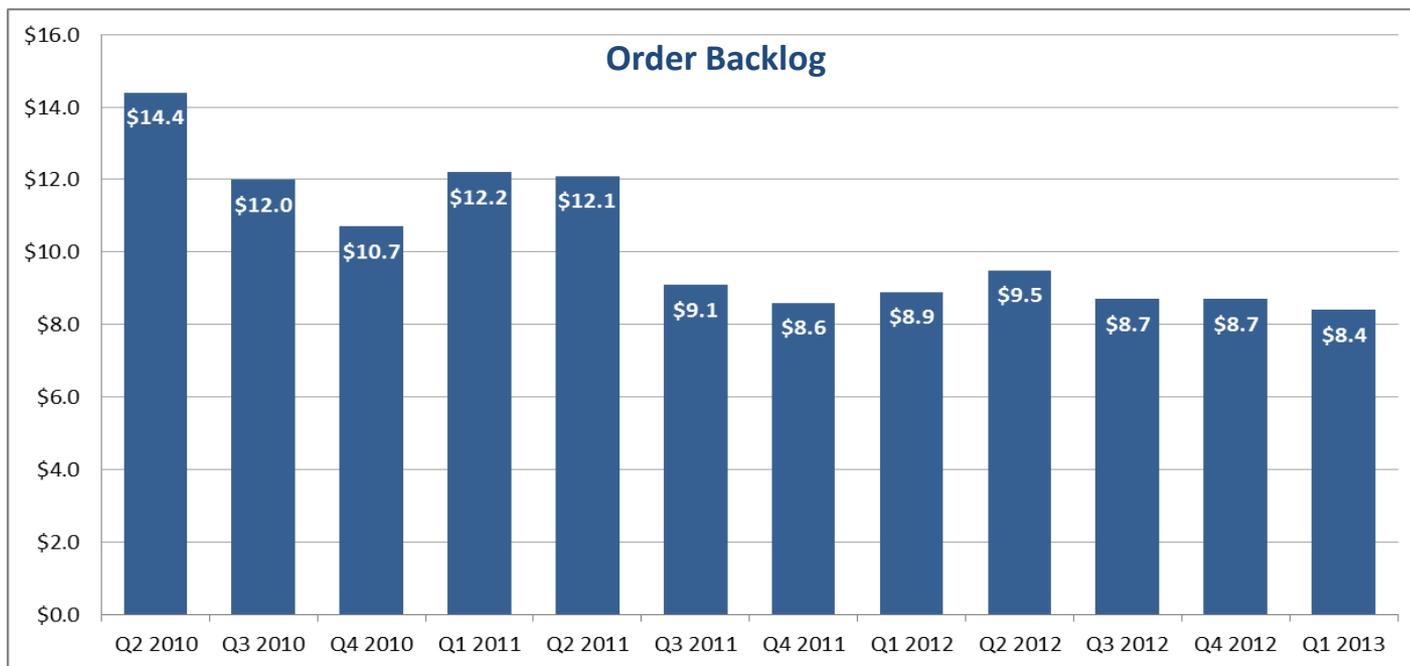
software-defined radio, low noise radar, harsh environment timing

Key components in major clients' systems

very "sticky" with high switching costs

Strong position in Commercial Avionics

Industry predicting double digit growth





Income Statement Highlights

(\$ in millions, except EPS)

| | FY 2007 | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 | TTM 2013 A: Q1 2013 |
|--|-----------|-----------|-----------|---------|---------|-----------|------------------------|
| Revenue | \$ 39.5 | \$ 40.2 | \$ 31.3 | \$ 46.7 | \$ 35.7 | \$ 29.7 | \$ 29.9 |
| <i>% Change</i> | | 1.6% | -28.4% | 32.9% | -30.8% | -20.1% | 0.7% |
| Gross Profit | 10.2 | 10.4 | 7.4 | 16.4 | 10.8 | 7.7 | 8.5 |
| <i>% Margin</i> | 25.7% | 25.8% | 23.7% | 35.0% | 30.2% | 26.1% | 28.6% |
| Research & Development | 2.8 | 3.1 | 2.1 | 1.6 | 1.9 | 2.0 | 2.1 |
| <i>% of Revenue</i> | 7.0% | 7.6% | 6.9% | 3.5% | 5.2% | 6.8% | 7.0% |
| Selling, General & Administrative | 8.2 | 8.2 | 7.2 | 7.9 | 8.2 | 7.5 | 7.7 |
| <i>% of Revenue</i> | 20.8% | 20.3% | 23.0% | 17.0% | 23.0% | 25.3% | 25.8% |
| EBITDA | 0.4 | 0.2 | (1.2) | 7.5 | 1.5 | (0.9) | (0.3) |
| <i>% Margin</i> | 1.1% | 0.4% | -3.9% | 16.2% | 4.1% | -3.2% | -1.1% |
| Pre-Tax Earnings (Non-GAAP) | (2.5) | (1.2) | (2.6) | 6.5 | 0.6 | (1.8) | (1.3) |
| <i>% Margin</i> | -6.4% | -2.9% | -8.2% | 13.9% | 1.6% | -6.2% | -4.3% |
| Pre-Tax EPS (Non-GAAP) | \$ (1.16) | \$ (1.15) | \$ (1.14) | \$ 2.88 | \$ 0.22 | \$ (0.71) | \$ (0.49) |



Balance Sheet Highlights

(\$ and shares in millions)

| | FY 2007 | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 | Q1 2013 |
|-------------------------------------|---------|---------|---------|---------|---------|---------|---------|
| Cash and Cash Equivalents | \$ 5.2 | \$ 5.3 | \$ 3.8 | \$ 4.1 | \$ 13.7 | \$ 10.1 | \$ 9.3 |
| <i>% Change</i> | | 1.7% | -39.5% | 8.0% | 69.7% | -35.4% | -8.6% |
| Cash-Adj. WC (AR + Inv - AP) | \$ 9.0 | \$ 9.5 | \$ 7.8 | \$ 9.7 | \$ 8.2 | \$ 7.2 | \$ 8.2 |
| <i>% Change</i> | | 5.1% | -22.0% | 19.6% | -17.8% | -13.6% | 11.6% |
| Net Working Capital | \$ 10.8 | \$ 9.7 | \$ 5.5 | \$ 12.8 | \$ 18.2 | \$ 16.6 | \$ 16.6 |
| <i>% Change</i> | | -11.1% | -77.1% | 57.4% | 29.4% | -9.3% | 0.0% |
| Total Assets | \$ 22.9 | \$ 22.4 | \$ 18.6 | \$ 23.7 | \$ 32.4 | \$ 29.6 | \$ 28.9 |
| <i>% Change</i> | | -2.3% | -20.4% | 21.7% | 26.8% | -9.6% | -2.3% |
| Total Debt | \$ 5.5 | \$ 6.8 | \$ 5.0 | \$ 0.7 | \$ 3.4 | \$ 1.3 | \$ 1.4 |
| Shareholders' Equity | \$ 12.4 | \$ 11.0 | \$ 9.0 | \$ 18.7 | \$ 25.6 | \$ 24.6 | \$ 24.6 |
| Common Stock Outstanding | 2.2 | 2.2 | 2.2 | 2.3 | 2.6 | 2.6 | 2.6 |



GAAP to Non-GAAP Reconciliations

Reconciliation of GAAP net income to non-GAAP pre-tax earnings

| (\$ in millions, except per share amounts) | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | TTM 2013 |
|--|-----------------|-----------------|-----------------|---------------|---------------|-----------------|-----------------|
| Net Income (GAAP) | \$ (2.6) | \$ (1.3) | \$ (2.5) | \$ 9.4 | \$ 0.4 | \$ (1.3) | \$ (0.8) |
| Income tax benefit (provision) | 0.1 | 0.1 | 0.0 | (2.9) | 0.2 | (0.5) | (0.5) |
| Pre-tax earnings (Non-GAAP) | \$ (2.5) | \$ (1.2) | \$ (2.5) | \$ 6.5 | \$ 0.6 | \$ (1.8) | \$ (1.3) |
| Pre-tax earnings per share (Non-GAAP) | (\$1.16) | (\$0.53) | (\$1.14) | \$2.88 | \$0.22 | (\$0.71) | (\$0.49) |
| Weighted average shares outstanding | 2,158,120 | 2,174,218 | 2,200,011 | 2,248,180 | 2,572,825 | 2,593,741 | 2,596,693 |

Computation of EBITDA:

| (\$ in millions) | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | TTM 2013 |
|-------------------------------------|-----------------|---------------|-----------------|---------------|---------------|-----------------|-----------------|
| Net Income(Loss) | \$ (2.6) | \$ (1.3) | \$ (2.5) | \$ 9.4 | \$ 0.4 | \$ (1.3) | \$ (0.8) |
| Provision(Benefit) for income taxes | 0.1 | 0.1 | 0.0 | (2.9) | 0.2 | (0.5) | (0.5) |
| Interest | 0.3 | 0.3 | 0.4 | 0.3 | 0.1 | 0.1 | 0.1 |
| Depreciation | 1.0 | 1.0 | 0.9 | 0.6 | 0.6 | 0.7 | 0.8 |
| Amortization | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| EBITDA | \$ (1.1) | \$ 0.2 | \$ (1.2) | \$ 7.5 | \$ 1.5 | \$ (0.9) | \$ (0.3) |

Computation of Adjusted Working Capital:

| (\$ in millions) | As of 12/31/2012 | As of 3/31/2013 |
|---------------------------------|---------------------|--------------------|
| Accounts receivable, net | \$ 4.4 | \$ 4.5 |
| Inventory, net | \$ 5.3 | \$ 5.5 |
| Less: accounts payable | \$ (2.5) | \$ (1.7) |
| Adjusted working capital | \$ 7.2 | \$ 8.2 |

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.



Investment Considerations



Strong capital position
Flexible platform with operating leverage
JV/M&A opportunities



~50 years experience
Blue-chip clients
Diverse markets

Worldwide footprint
Quality-certified, low-cost manufacturing

Industry leading technology, reliability, convenience, support