

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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):

March 10, 2014

LAWSON PRODUCTS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation)

0-10546

(Commission File Number)

36-2229304

(I.R.S. Employer Identification No.)

8770 W. Bryn Mawr Ave., Suite 900, Chicago, Illinois

(Address of principal executive offices)

60631

(Zip Code)

(Registrant's telephone number, including area code)

(773) 304-5050

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 7.01 Regulation FD Disclosure.

Lawson Products, Inc. has updated its Investor Presentation (the “Presentation”) which is furnished as Exhibit 99.1 to this Report on Form 8-K. A copy of the Presentation is also available on the Company’s website at www.lawsonproducts.com.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits:

99.1 Investor Presentation March 2014

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

LAWSON PRODUCTS, INC.

(Registrant)

Date: March 10, 2014

By: /s/ Ronald J. Knutson

Name: Ronald J. Knutson

Title: Executive Vice President, Chief Financial Officer

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
-----------------------	--------------------

99.1

Investor Presentation March 2014



LAWSON Products



Investor Presentation March 2014

Forward-Looking Statements

"Safe Harbor" Statement under the Securities Litigation Reform Act of 1995:

This presentation contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties. The terms "may," "should," "could," "anticipate," "believe," "continues," "estimate," "expect," "intend," "objective," "plan," "potential," "project" and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. These statements are based on management's current expectations, intentions or beliefs and are subject to a number of factors, assumptions and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Factors that could cause or contribute to such differences or that might otherwise impact the business include: failure to retain a talented workforce including productive sales representatives; the inability of management to successfully implement strategic initiatives; failure to manage change; the ability to adequately fund our operating and working capital needs through cash generated from operations; the ability to meet the covenant requirements of our line of credit; disruptions of the Company's information and communication systems; the effect of general economic and market conditions; inventory obsolescence; work stoppages and other disruptions at transportation centers or shipping ports; changing customer demand and product mixes; increases in commodity prices; the influence of controlling stockholders; violations of environmental protection regulations; a negative outcome related to employment tax matters; and, all other factors discussed in the Company's "Risk Factors" set forth in its Annual Report on Form 10-K for the year ended December 31, 2013.

The Company undertakes no obligation to update any such factors or to publicly announce the results of any revisions to any forward-looking statements contained herein whether as a result of new information, future events or otherwise.

Lawson Investment Highlights

Strong Foundation

- Established presence in service segment of large MRO marketplace
- Diversified products, customers and markets
- Strong leadership team
- Infrastructure now in place (McCook DC, ERP, agent to sales rep conversion)



Improving Financial Results

- Focus on sales growth
 - Add incremental sales reps
 - Sales rep retention
 - Existing rep productivity
- High product gross margins
- SG&A costs controls
- Debt to total cap ratio of 20%
 - Prior to proceeds from ASMP Sale



= Strong Foundation for Growth

- Large, fragmented market
- Significant leverage gained on moderate sales growth
- Less economically/industry sensitive
- Drive toward 10% EBITDA margins

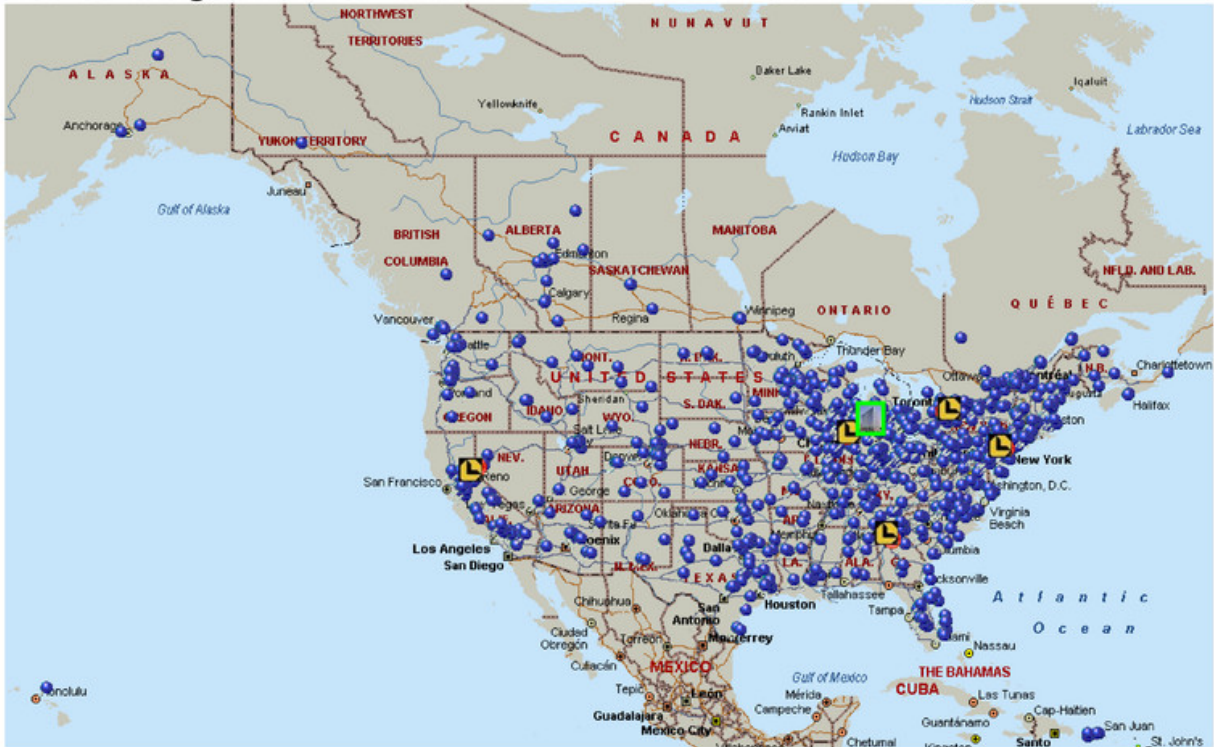
Lawson Products: At a Glance

- Leading service based provider of consumables in MRO market
- Founded in 1952; listed on NASDAQ (LAWS) since 1970
- Serves industrial, commercial, institutional and government markets in all 50 states, Canada, Mexico, Puerto Rico and the Caribbean
- Headquartered in Chicago, IL
 - 5 strategically located distribution centers and 1 corporate HQ
 - ~1,400 employees (over 800 sales reps)
- Supplies approximately 300,000 products to the MRO marketplace
 - Heavy focus on private label






Lawson Products: At a Glance

Sales Coverage and Distribution Reach Across North America;



Legend:

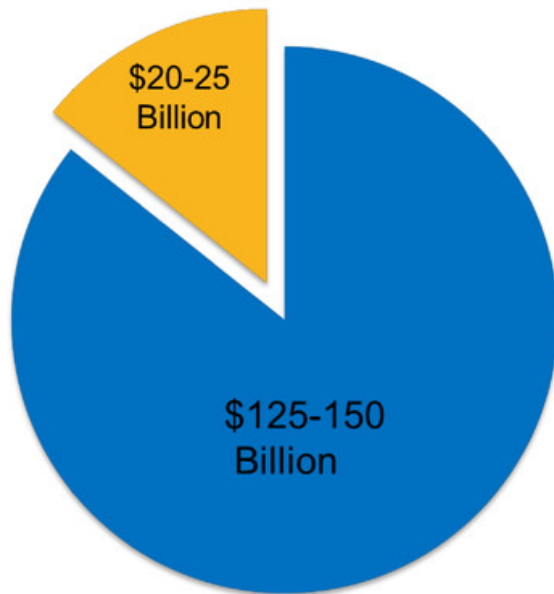
- Sales Penetration 
- Distribution Center 
- Chicago, IL (HQ) 

Distribution Centers:

- McCook, IL
- Fairfield, NJ
- Reno, NV
- Suwanee, GA
- Mississauga, ON (Canada)

Lawson Products: Competitive Advantages and Differentiators

“Not the Typical MRO Distributor”

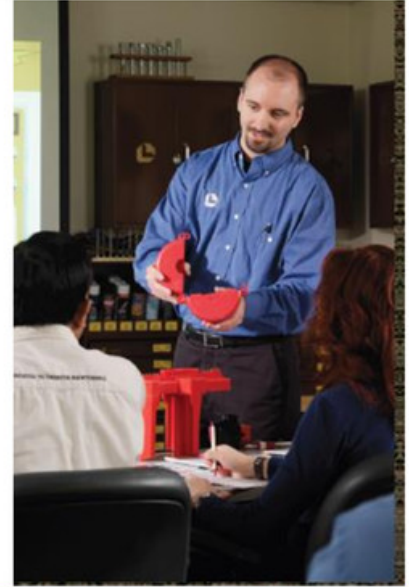


■ Broad Based MRO Market ■ Service Based VMI Market

What differentiates Lawson:

- Service intensive “high touch” value proposition
- Vendor managed inventory or “keep fill”
- Deep product knowledge
- Broad geographic sales and service coverage throughout the US and Canada
- Significant investments in people, facilities and technology to enable outstanding customer service

Our Commitment to our Customers



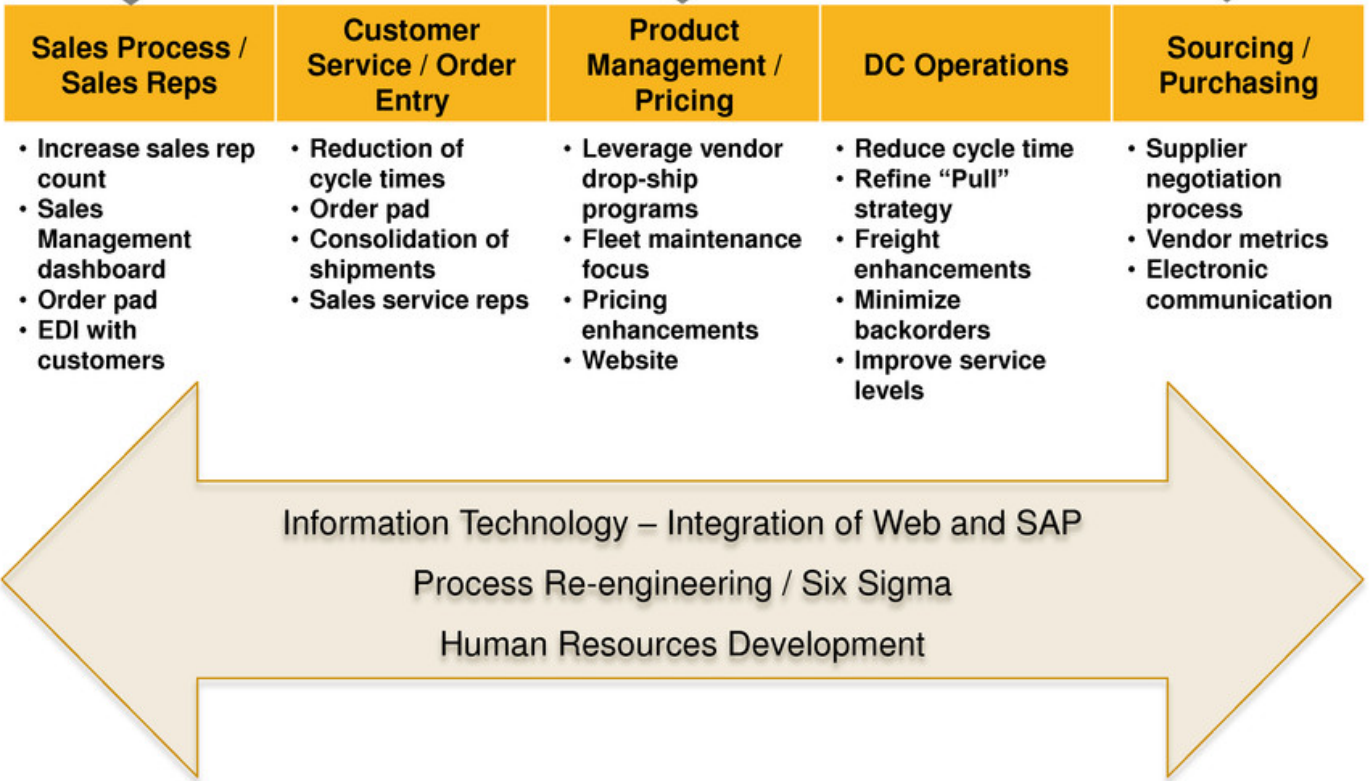
One Company, Zero Headaches	Inventory Management Options	Access to Industry Knowledge & Expertise
<ul style="list-style-type: none"> • More than 300,000 products 	<ul style="list-style-type: none"> • Lawson Managed Inventory 	<ul style="list-style-type: none"> • Product recommendations from your Lawson Representative
<ul style="list-style-type: none"> • Hundreds of pre-built assortments 	<ul style="list-style-type: none"> • Industrial vending 	<ul style="list-style-type: none"> • Application advice from our test and application engineers
<ul style="list-style-type: none"> • Unlimited sourcing of hard-to-find items 	<ul style="list-style-type: none"> • Self-service inventory management 	<ul style="list-style-type: none"> • Complimentary on-site safety & product usage training

Recent Investments Lead To:

Investment	Benefits
ERP	<ul style="list-style-type: none">• Platform for growth• Easier ordering• Improved customer service• Data consistency• Centralized market-based pricing• Enables new E Commerce Site
Network Optimization	<ul style="list-style-type: none">• Consolidated 3 facilities into one state-of-the-art facility (McCook, IL)• Reduces overall fixed-cost base• Drive efficiencies in inventory and material handling• Allows centralization of certain inventory
Sales Transformation	<ul style="list-style-type: none">• Increasing sales rep count; added net 49 in 2013• Multiple sales channels, including new website• Process efficiencies• Real time inventory available to sales force• Aggressively grow sales team in 2014

2014 Focus: Actions Across the Value Chain Driving Growth

Refine and Leverage Current Initiatives



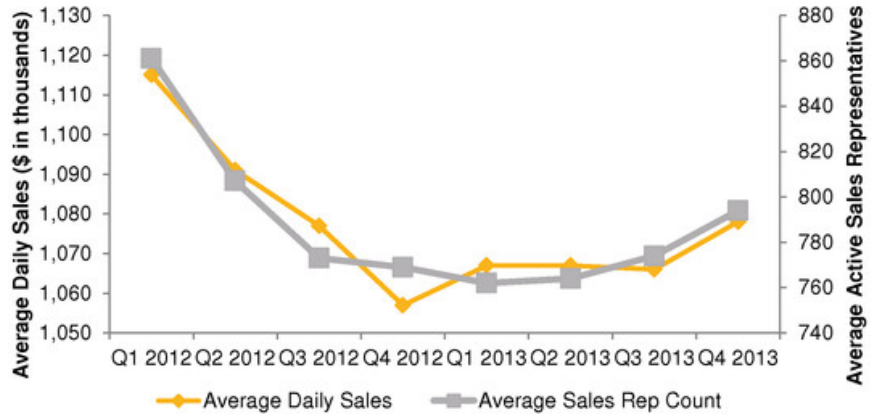
Financial Highlights

- **Focused on revenue growth → Number of sales reps and sales rep productivity**
- **Ended 2013 with over 800 sales reps, up over 6% from January 1, 2013**
- **2012 Actions benefited 2013**
 - \$20M of cost reductions right-sized the organization
- **2013 A year of solidifying the foundation – Returned to positive adjusted EBITDA**
- **Strong balance sheet**
 - Debt to total cap of 20%
 - Significant capital investments over past 3 years to drive growth
 - ERP - \$12.3M
 - McCook state-of-the-art DC - \$14.5M
 - Corporate headquarters - \$4.4M
 - Web - \$1.6M
 - Proceeds from asset sales - \$14.3M
- **Closed on the sale of Automatic Screw Machine Products, a non-core subsidiary, in February 2014 for \$12.5M**

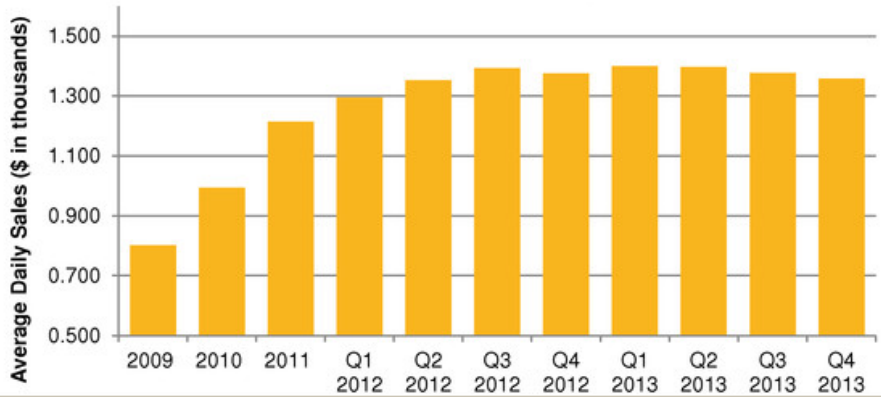
Financial Highlights – Sales Trends

- Added net 49 sales reps in 2013
- Will aggressively add the sales team in 2014 including Business Development Managers, Sales Service Reps, District Managers and Sales Reps in 2014
- Sales rep count to increase by 15% to 20% by 2014 year-end
- Tight correlation between sales levels and sales rep count
- Focus on sales rep productivity
- New sales reps will dilute productivity as they build out their business

Average Daily Sales & Rep Count by Quarter

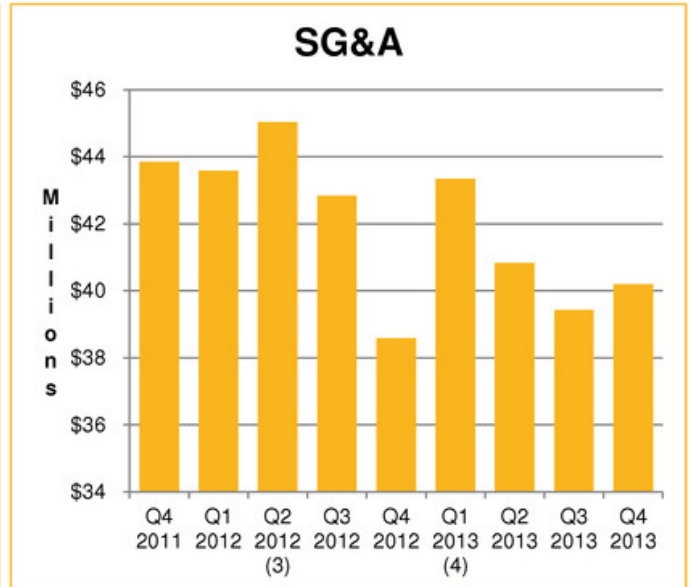
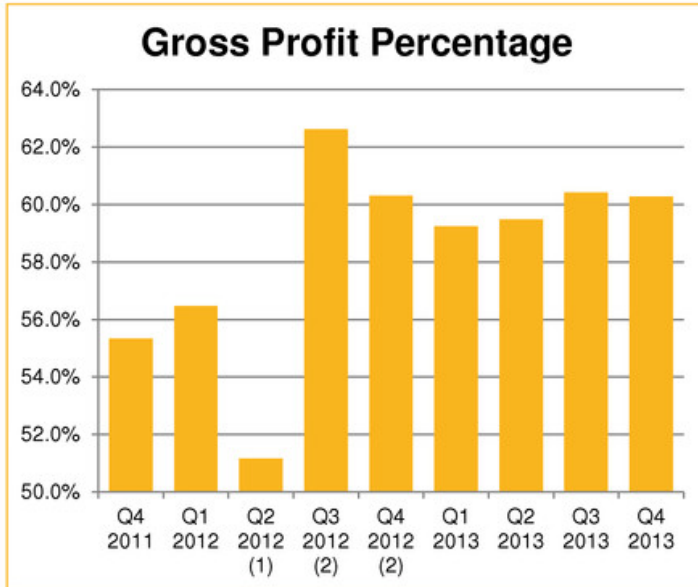


Sales per Rep per Day



Financial Highlights – Gross Margin & Cost Controls

- One of the highest gross profit percentages in the industry
- Actions taken in 2012 benefited SG&A in 2013

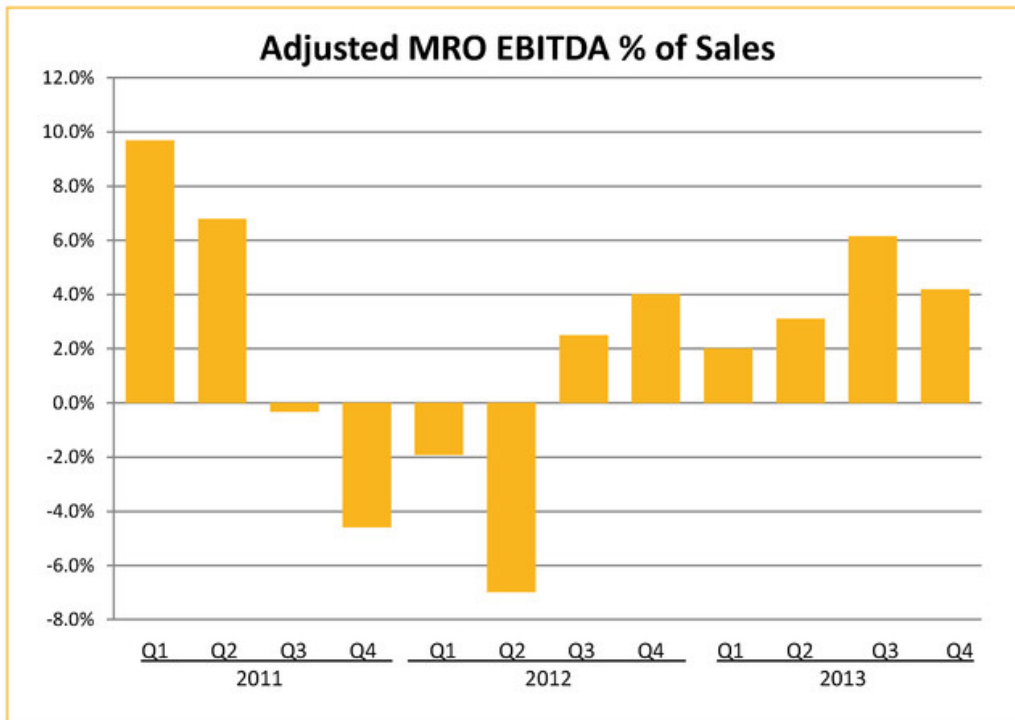


In October, the Company entered into an Asset Purchase Agreement to sell substantially all of the net assets of its Automatic Screw Machine Products subsidiary and as a result all prior period amounts have been reclassified to reflect discontinued operations treatment.

- (1) Q2 2012 includes a \$3.9M charge for discontinuing certain stocked products
- (2) Q3 and Q4 2012 benefited from sell through of discontinued product at better than anticipated pricing

- (3) Increase over Q1 2012 driven by \$1.0M additional bad debt expense and \$0.5M additional facility costs
- (4) Includes national sales meeting (\$1.2M), stock compensation (\$1.6M) and seasonal Q1 payroll taxes

Financial Highlights – Adjusted EBITDA



In October the Company entered into an Asset Purchase Agreement to sell substantially all of the net assets of its Automatic Screw Machine Products subsidiary and as a result all prior period amounts have been reclassified to reflect discontinued operations treatment.

Adjusted EBITDA excludes non-recurring costs, severance, stock based compensation and gains on disposal of properties - See Regulation G Non-GAAP reconciliation in appendix P-2

Lawson Products: Poised for Growth

Strong Foundation

- Established presence in service segment of large MRO marketplace
- Diversified products, customers and markets
- Strong leadership team
- Infrastructure now in place (McCook DC, ERP, agent to sales rep conversion)



Improving Financial Results

- Focus on sales growth
 - Add incremental sales reps
 - Sales rep retention
 - Existing rep productivity
- High product gross margins
- SG&A costs controls
- Debt to total cap ratio of 20%
 - Prior to proceeds from ASMP Sale



= Strong Foundation for Growth

- Large, fragmented market
- Significant leverage gained on moderate sales growth
- Less economically/industry sensitive
- Drive toward 10% EBITDA margins

For More Information

Contact:

Ronald J. Knutson
EVP, CFO
Investor Relations
(773) 304-5665

ron.knutson@lawsonproducts.com



LAWS listed NASDAQ
www.lawsonproducts.com

And see our Website at

<http://www.lawsonproducts.com/company-info/investor-relations.jsp>

Appendices

Significant Foundational Activities

August 2011	➤ Implemented SAP
October 2011	➤ Commenced construction of new McCook, IL distribution center
May 2012	➤ Relocated corporate headquarters
June 2012	<ul style="list-style-type: none"> ➤ Announced \$20M in annual costs savings <ul style="list-style-type: none"> ➤ Headcount reduction of ~100 individuals ➤ Gross margin improvements in freight, free goods and pricing ➤ Restructured senior team
August 2012	<ul style="list-style-type: none"> ➤ Transitioned packaging facility to McCook, IL distribution center ➤ Entered into new five year \$40M credit facility
October 2012	<ul style="list-style-type: none"> ➤ Announced new CEO and President ➤ Consolidated Vernon Hills distribution center into McCook, IL
November 2012	<ul style="list-style-type: none"> ➤ Completed planned reduction of staff ➤ Commenced roll-out of new website to existing web customers
December 2012	➤ Completed on-boarding of U.S. independent agents to employees
April 2013	➤ Roll-out of new web-site to new customers
April/May 2013	➤ McCook DC begins to ship customer orders
June 2013	➤ Signed LOI to sell Automatic Screw Machine Products (“ASMP”) for \$12.5M – APA entered into in October 2013
November 2013	➤ Entered into sub-lease of headquarters space to generate \$2.9M of future cash savings
December 2013	➤ Ended year with over 800 sales reps – First increase in 8 years
February 2014	➤ Closed on ASMP transaction, net proceeds of \$11.5M

Regulation G – GAAP Reconciliation

Appendix P-2

Non GAAP Reconciliation of Adjusted EBITDA to Sales Percentage

The Company reports its financial results in accordance with U.S. generally accepted accounting principles (GAAP). However, the Company's management believes that certain non-GAAP financial measures may provide users of this financial information additional meaningful comparisons between current results and results in prior operating periods. Management believes that these non-GAAP financial measures can provide additional meaningful reflection of underlying trends of the business because they provide a comparison of historical information that excludes certain infrequently occurring or non-operational items that impact the overall comparability. See the table below for supplemental financial data and corresponding reconciliations to GAAP financial measures for quarterly adjusted EBITDA as a percentage of net sales. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the Company's reported results prepared in accordance with GAAP.

(\$ in thousands)	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013
Net Sales	\$79,255	\$80,625	\$71,490	\$69,029	\$71,364	\$69,830	\$67,863	\$64,505	\$67,213	\$68,317	\$68,235	\$65,738
Operating Income (Loss)	3,542	1,397	(3,480)	(6,995)	(3,466)	(42,084)	(1,740)	2,057	(3,530)	(201)	870	(3,002)
Depreciation & Amortization	1,260	1,315	1,160	1,675	1,715	1,566	1,963	1,841	2,061	2,244	2,367	2,358
EBITDA	4,802	2,712	(2,320)	(5,320)	(1,751)	(40,518)	223	3,898	(1,469)	2,043	3,237	(644)
Excluded Costs												
Severance	745	465	282	122	185	6,585	1,410	(159)	-	2	962	(127)
Stock Based Compensation (Benefit)	227	(95)	(538)	467	198	(1,015)	77	434	1,596	76	33	562
ERP Implementation Costs	1,902	2,388	2,344	339	-	-	-	-	-	-	-	-
Loss/(Gain) on Disposal of Property	-	-	-	22	-	(2,122)	(11)	(1,588)	-	-	(36)	32
Employment Tax Matter	-	-	-	1,200	-	-	-	-	-	-	-	-
Loss on Sub-Lease	-	-	-	-	-	-	-	-	-	-	-	2,928
Goodwill Impairment	-	-	-	-	-	28,306	-	-	-	-	-	-
Inventory Rationalization	-	-	-	-	-	3,893	-	-	-	-	-	-
National sales meeting	-	-	-	-	-	-	-	-	1,225	-	-	-
Adjusted EBITDA	\$ 7,676	\$ 5,470	\$ (232)	\$ (3,170)	\$ (1,368)	\$ (4,871)	\$ 1,699	\$ 2,585	\$ 1,352	\$ 2,121	\$ 4,196	\$ 2,751
Adjusted EBITDA % of Sales	9.7%	6.8%	-0.3%	-4.6%	-1.9%	-7.0%	2.5%	4.0%	2.0%	3.1%	6.1%	4.2%

Quarterly Results

(\$ in thousands)	Three Months Ended				
	Dec. 31, 2013	Sep. 30, 2013	Jun. 30, 2013	Mar. 31, 2013	Dec. 31, 2012
Number of business days	61	64	64	63	61
Average daily net sales	\$ 1,078	\$ 1,066	\$ 1,067	\$ 1,067	\$ 1,057
Sequential quarter increase (decrease)	1.1%	(0.1%)	0.0%	0.9%	(1.9%)
Average active sales rep. count	794	774	764	762	769
Period-end active sales rep. count	806	784	773	760	767
Sales per rep. per day	\$ 1.358	\$ 1.377	\$ 1.397	\$ 1.400	\$ 1.375
Sequential quarter increase (decrease)	(1.4%)	(1.4%)	(0.2%)	1.8%	(1.4%)
Net sales	\$65,738	\$68,235	\$68,317	\$67,213	\$64,505
Gross profit	39,627	41,220	40,634	39,814	38,900
Gross profit percentage	60.3%	60.4%	59.5%	59.2%	60.3%
<u>Operating expenses</u>					
Selling, general & administrative expenses	\$40,196	\$39,424	\$40,833	\$43,344	\$38,624
Severance expense (benefit)	(127)	962	2	-	(159)
Loss (gain) on sale of assets	32	(36)	-	-	(1,588)
Other expenses, net	2,528	-	-	-	-
	42,629	40,350	40,835	43,344	36,877
Operating income (loss)	\$ (3,002)	\$ 870	\$ (201)	\$ (3,530)	\$ 2,023

2013 Consolidated Balance Sheet

Appendix P-4

(\$ in thousands)	December 31, 2013	
ASSETS		
Current assets:		
Cash and cash equivalents	\$	698
Restricted cash		800
Accounts receivable, less allowance for doubtful accounts		30,221
Inventories, net		45,774
Miscellaneous receivables and prepaid expenses		4,393
Deferred income taxes		5
Discontinued operations		8,960
Total current assets		90,851
Property, plant and equipment, net		58,974
Cash value of life insurance		9,179
Deferred income taxes		54
Other assets		481
Discontinued operations		406
Total assets	\$	159,945
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Revolving line of credit	\$	16,078
Accounts payable		14,787
Accrued expenses and other liabilities		23,521
Discontinued operations		564
Total current liabilities		54,950
Security bonus plan		16,143
Financing lease obligation		10,223
Deferred compensation		5,867
Deferred rent liability		4,961
Other liabilities		1,889
Discontinued operations		—
Total liabilities		94,033
Stockholders' equity		65,912
Total liabilities and stockholders' equity	\$	159,945

