



Leader in Fiber Optic Management and Connectivity Solutions



# 2019 Shareholder Meeting

February 2019

NASDAQ: CLFD

## ○ Call to Order

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This meeting was called by a  
notice and proxy statement first mailed on  
January 8, 2019  
to all shareholders of record on  
December 26, 2018

We have received proxies representing more than a majority  
of the outstanding shares of common stock.

Therefore, this meeting has been duly called and a  
quorum is present.

## ○ Agenda

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- Elect six (6) directors to serve until the next Annual Meeting of the Shareholders or until their respective successors have been elected and qualified;
- Approve, on a non-binding advisory basis, the compensation paid to our named executive officers; and
- Ratify the appointment of Baker Tilly Virchow Krause, LLP as the independent registered public accounting firm for Clearfield, Inc. for the fiscal year ending September 30, 2019.

# ○ Voting

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# ○ Adjournment

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## Important Cautions Regarding Forward- Looking Statements

*Forward-looking statements contained herein and in any related presentation or in the related FieldReport are made pursuant to the safe harbor provisions of the Private Litigation Reform Act of 1995. Words such as “may,” “will,” “expect,” “believe,” “anticipate,” “estimate,” “outlook,” or “continue” or comparable terminology are intended to identify forward-looking statements. Such forward looking statements include, for example, statements about the Company’s future revenue and operating performance, integration of the acquired active cabinet line, trends in and growth of the FTTx markets, market segments or customer purchases, effectiveness of the Company’s sales and marketing strategies and organization, utilization of manufacturing capacity, and the development and marketing of products. These statements are based upon the Company’s current expectations and judgments about future developments in the Company’s business. Certain important factors could have a material impact on the Company’s performance, including, without limitation: further consolidation among our customers may result in the loss of some customers and may reduce sales during the pendency of business combinations and related integration activities; to compete effectively, we must continually improve existing products and introduce new products that achieve market acceptance; we must successfully integrate the acquired active cabinet line in order to obtain the anticipated financial results and customer synergies within the timeframes expected; our operating results may fluctuate significantly from quarter to quarter, which may make budgeting for expenses difficult and may negatively affect the market price of our common stock; our success depends upon adequate protection of our patent and intellectual property rights; intense competition in our industry may result in price reductions, lower gross profits and loss of market share; we rely on single-source suppliers, which could cause delays, increases in costs or prevent us from completing customer orders, all of which could materially harm our business; a significant percentage of our sales in the last three fiscal years have been made to a small number of customers, and the loss of these major customers or significant decline in business with these major customers would adversely affect us; our planned implementation of information technology systems could result in significant disruptions to our operations; product defects or the failure of our products to meet specifications could cause us to lose customers and sales or to incur unexpected expenses; we are dependent upon key personnel; we face risks associated with expanding our sales outside of the United States; our results of operations could be adversely affected by economic conditions and the effects of these conditions on our customers’ businesses; and other factors set forth in Part I, Item 1A. Risk Factors of Clearfield’s Annual Report on Form 10-K for the year ended September 30, 2018 as well as other filings with the Securities and Exchange Commission. The Company undertakes no obligation to update these statements to reflect actual events unless required by law.*

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With unrivaled product innovations and agile service response, Clearfield® is accelerating cost-effective fiber fed deployments with the industry's most craft-friendly fiber management and pathway products

## Company Overview

Founded in

2008

No. of Employees  
(FY 2018)

225

Total Revenue  
(FY 2018)

\$77.7M

Gross Margin  
(FY 2018)

39.9%

Headquartered in

Minneapolis

Customer Base

700+

Net Margin  
(FY 2018)

5.5%

Profitable Fiscal Years

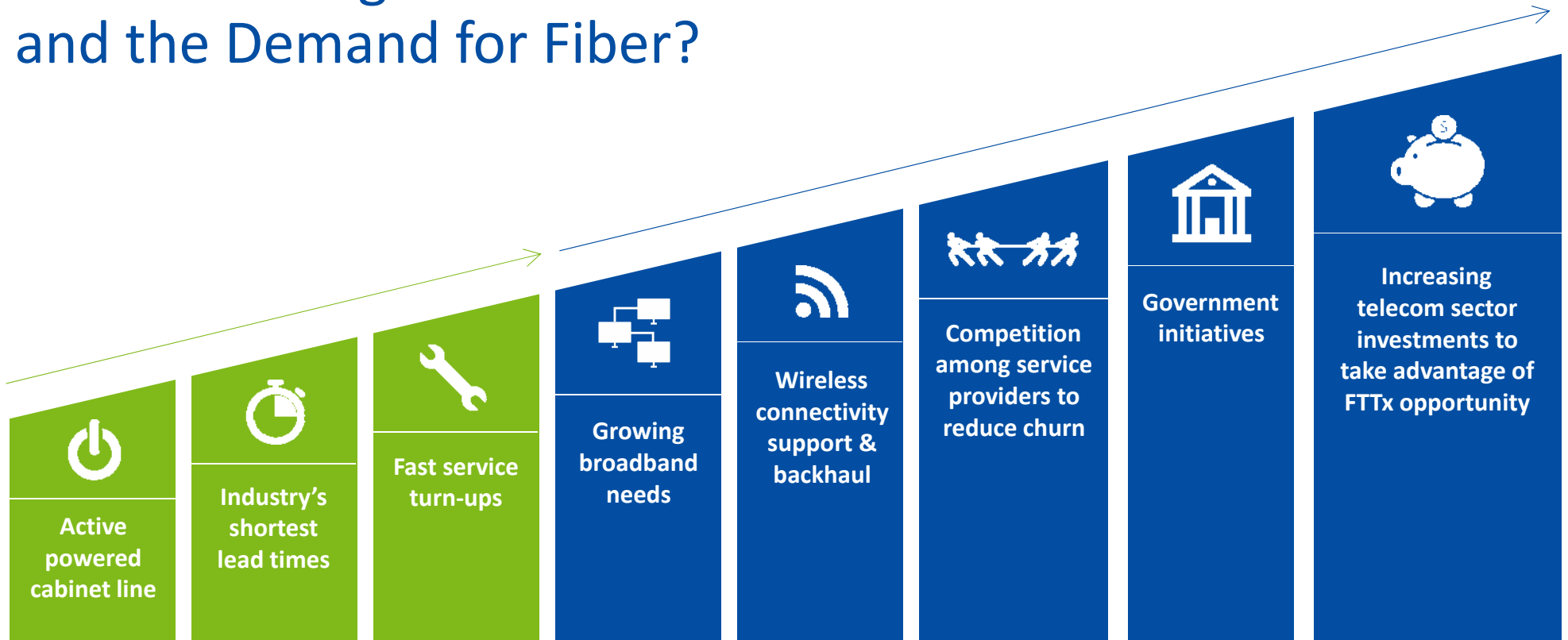
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# Celebrating 11th Anniversary: 20+ Million Fiber Ports Delivered

- 2008** Clearfield® is born
- 2008** Launched patented Clearview® Cassette
- 2010** Recognized for optical component packaging for hardened environments
- 2012** Entered Caribbean and Latin America (CALA) markets
- 2013** Launched FieldShield®
- 2014** Expanded manufacturing capacity with Mexico facility
- 2015** Moved to larger U.S. facility to expand manufacturing and operations capacity
- 2016** YOURx™ platform launched
- 2017** Telcordia certifications announced
- 2018** Expanded TAM by 10% with acquisition of Calix powered cabinet line
- Today** Included in 700+ fiber deployments

# What's Driving the Growth in Our Business and the Demand for Fiber?



INTERNAL

EXTERNAL

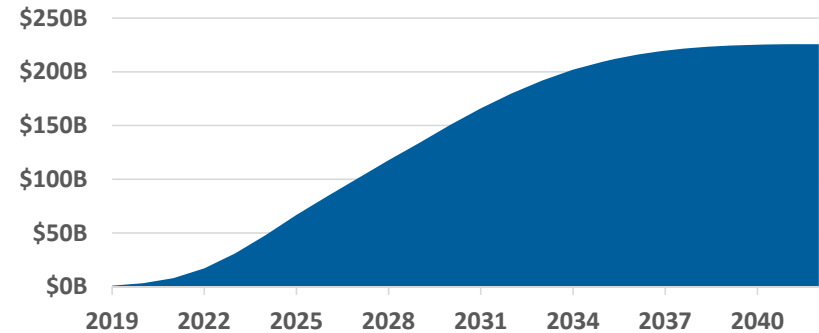
# Preparing for 5G — The Elephant Beyond the Trunk

5G spend will enter rapid turn-up but still in infancy

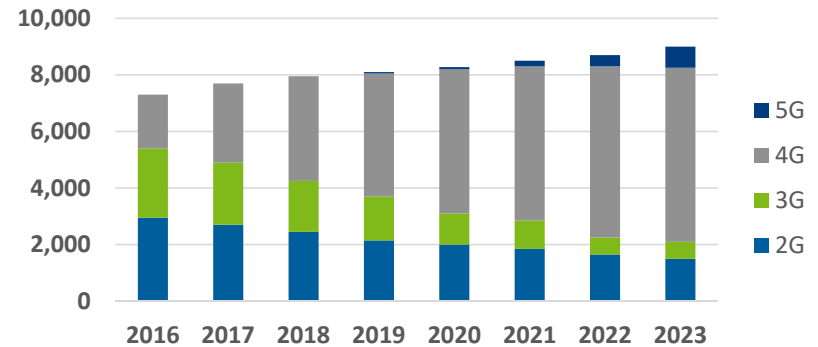
Market believed to have 20+ year sustainable opportunity

Unique point of entry for Clearfield, with next three years pivotal to gain 5G foothold

### Cumulative 5G Cycle Spend



### Wireless Subscriptions by Generation



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 SPRINT SPECTRUM L.P., SPRINTCOM, :  
 INC., and SPRINT/UNITED : Case No.  
 MANAGEMENT COMPANY, :  
 : **COMPLAINT**  
 Plaintiffs, :  
 : **JURY DEMAND**  
 -against- :  
 :  
 AT&T INC., :  
 :  
 Defendant. :  
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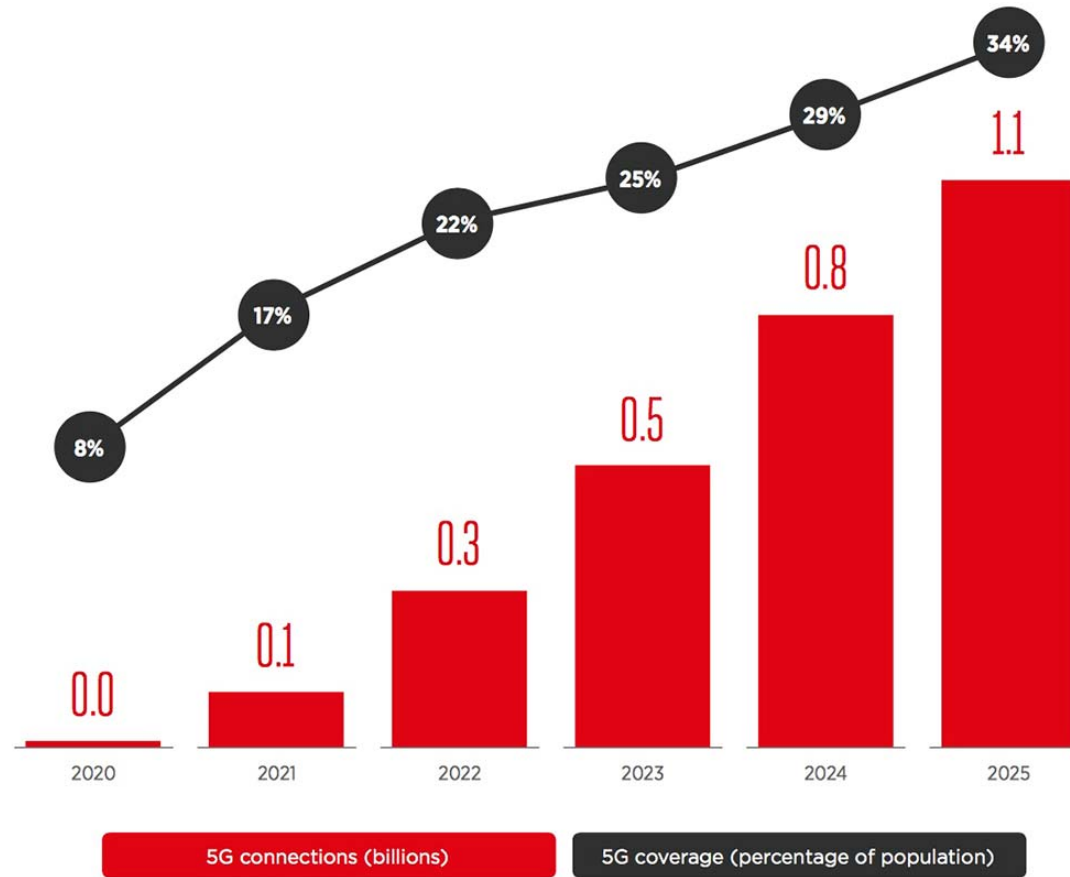
Plaintiffs Sprint Spectrum L.P., SprintCom, Inc., and Sprint/United Management Company (collectively, “Sprint”), by their attorneys, Frankfurt Kurmit Klein & Selz, PC, for their complaint against Defendant AT&T Inc. (“AT&T”), allege as follows:

**NATURE OF THE ACTION**

1. This is an action arising from AT&T’s false advertising and deceptive acts and practices under Section 43(a) of the Lanham Act (15 U.S.C. § 1125(a)) and Sections 349 and 350 of the New York General Business Law. AT&T has employed numerous deceptive tactics to mislead consumers into believing that it currently offers a coveted and highly anticipated fifth generation wireless network, known as 5G. What AT&T touts as 5G, however, is nothing more than an enhanced fourth generation Long Term Evolution wireless service, known as 4G LTE Advanced, which is offered by all other major wireless carriers.

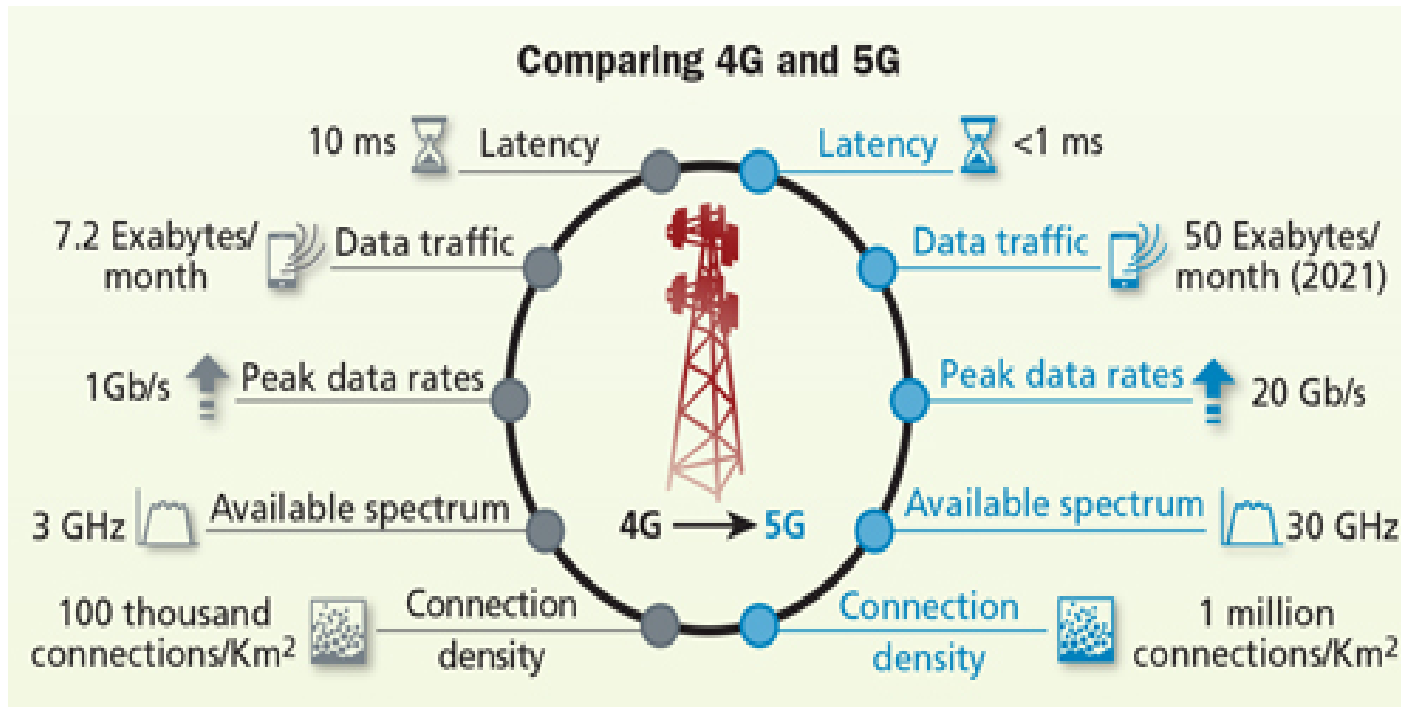


# The Timeframe to Coverage



Source: Ciena

# So What's all the Fuss About?

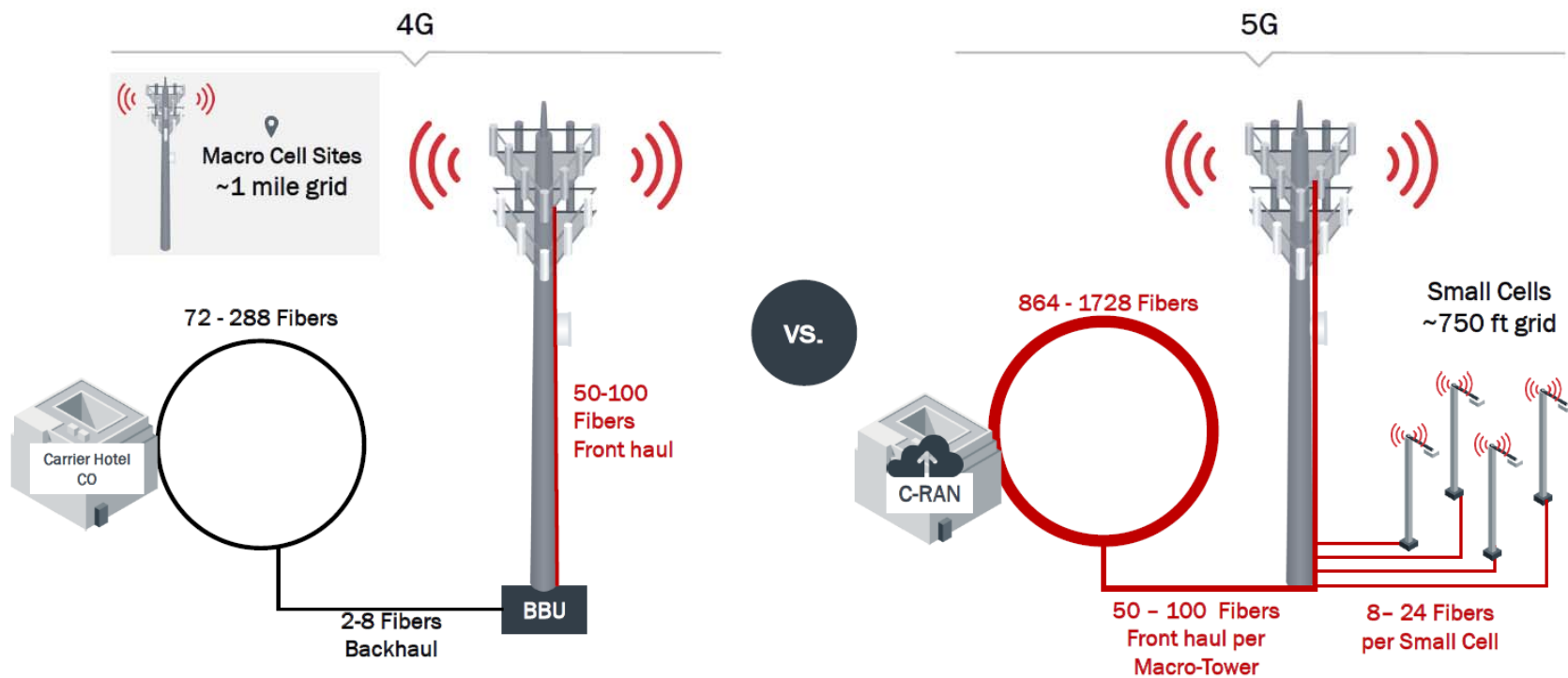


Source CI&M

# Building the Rings and Initial Fiber



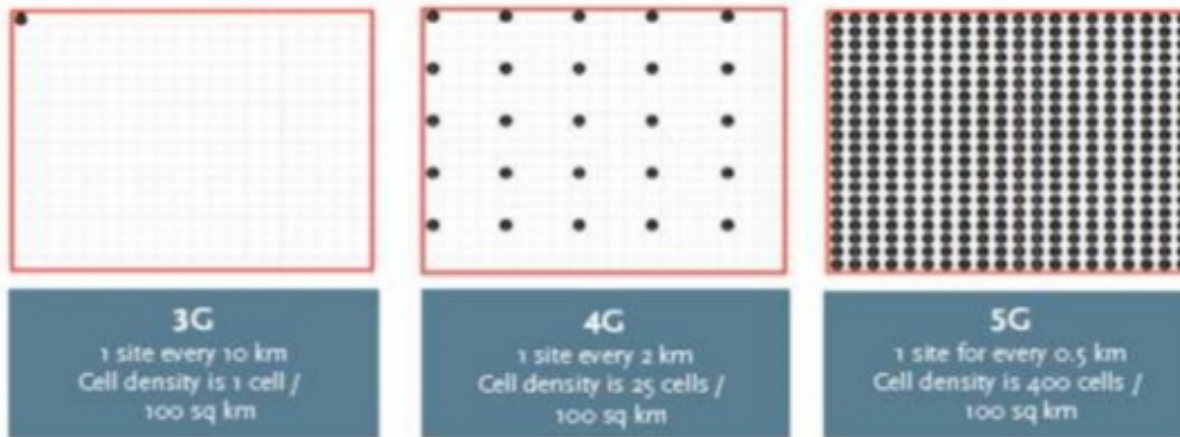
5G Needs More Fibers per Cell Tower than 4G



# Adding the Small Cells

5G is short range so needs more cells and much more fiber

*to go from 3G to 4G requires 25X more fiber  
and 5G requires at least 16X more fiber*

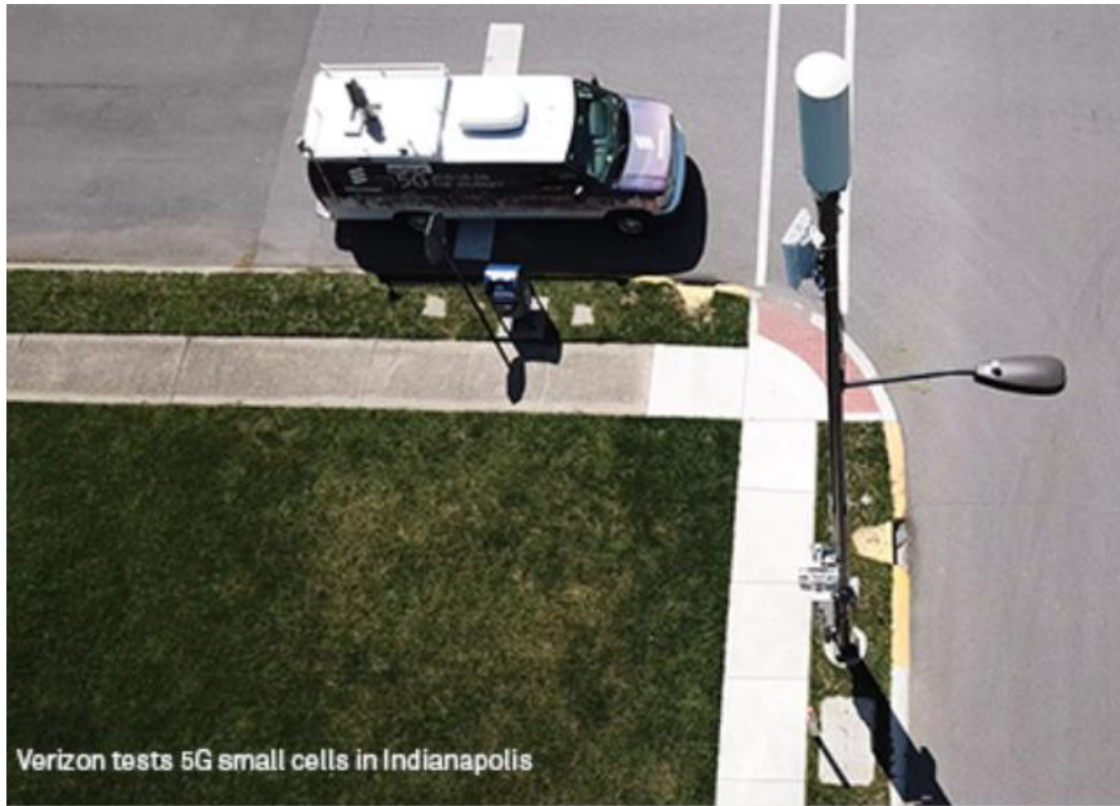


Your Optical Fiber Solutions Partner® at [www.ofsoptics.com](http://www.ofsoptics.com)



# ○ Integrating the Small Cells

New approaches integrate small cell radio and antenna into light poles



Source: Broadband Properties

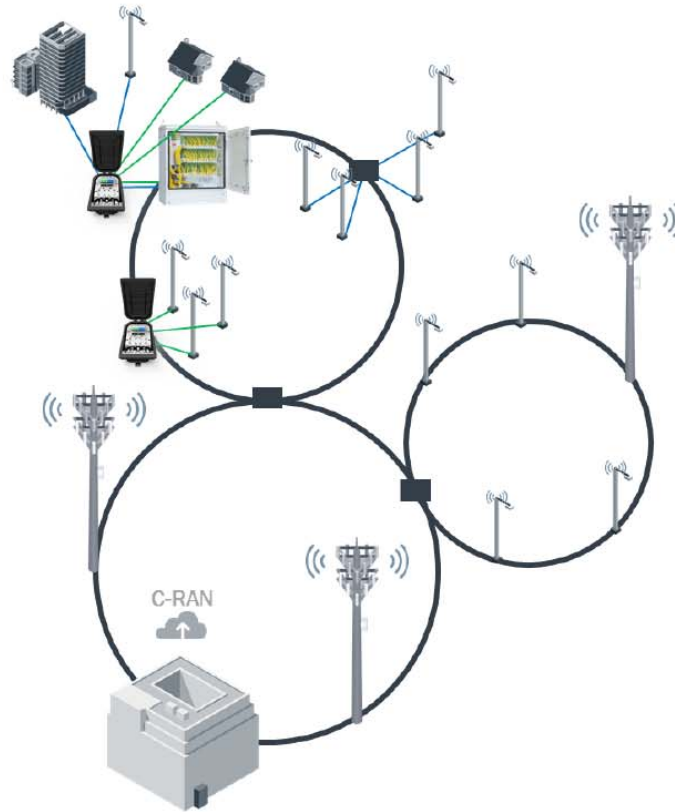
# Wireline/Wireless Convergence



SOURCE: Nokia\_Light\_Reading\_Fixed\_for\_Mobile\_Transport\_White\_Paper\_EN

# Wireless and Wireline Convergence

FTTx Networks can be built to support converged FTTH, FTTB, and 5G



# Our 5G Play: Foundation of our Fiber to Anywhere Architecture

- 1) Fiber densification at the Small Cell;
- 2) Fiber demarc point between wireline and wireless;
- 3) Future cabinet requirements for 5G Hardened Electronics;

## Fiber Management

## Fiber Protection & Delivery

### FieldSmart Passive Architecture



Passive panels, frames, cabinets, wallboxes, and pedestals for the inside plant, outside plant and access network

### FieldSmart Active Architecture



Powered cabinets for the outside plant and access network

### Clearview



Patented cassettes that connect multiple fiber optic cables

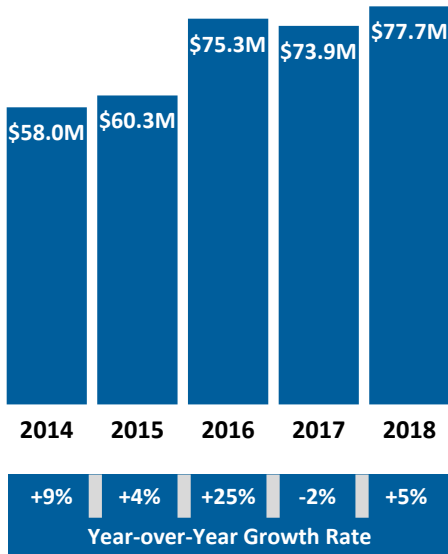
### FieldShield & YOURx



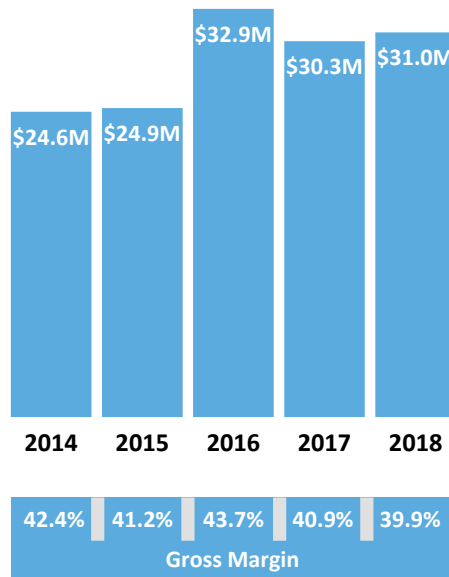
Fiber pathway and protection system consisting of microducts, cables, drop cables, connectors and terminals

# Annual Financial Performance

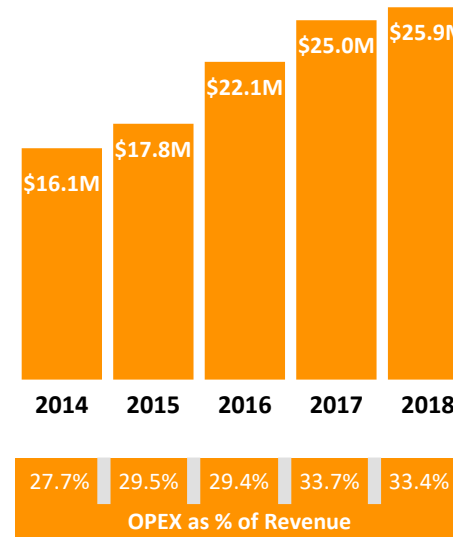
### Revenue



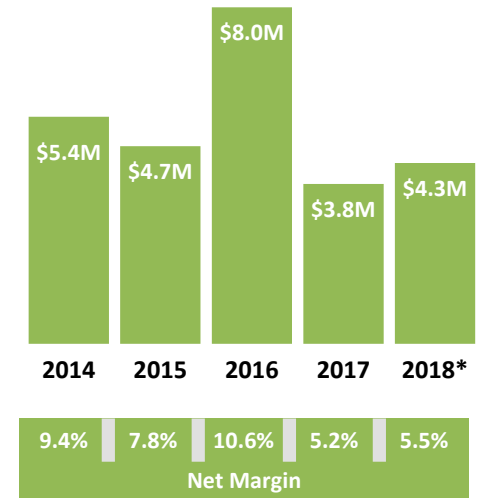
### Gross Profit



### Operating Expenses



### Net Income



\*Net income for fiscal Q2 2018 was impacted by a one-time payment of \$850,000 related to the litigation settlement with CommScope

# ○ Clearfield's 'Coming of Age' Plan



## **Expanding Core Community Broadband Business**

Attracting utilities, co-ops and CLECs as they enter underserved communities, and maintaining steady growth rate of 8-12%



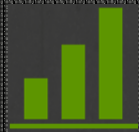
## **Enhancing Competitive Position and Operational Effectiveness**

Investing in products, manufacturing and supply chain to increase competitiveness and maintain and reduce costs



## **Capitalizing on Disruptive Growth Opportunities Within Tier 1 Markets**

Leveraging customer relationships and application knowledge to capture opportunities related to 5G, NG-PON, and open computing initiatives



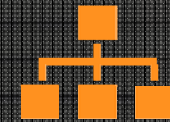
**Proven business model and management execution**

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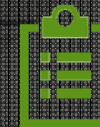
Eleven-year history of **profitability and positive free cash flow**



**Strong competitive position** in an rapidly growing multi-billion-dollar fiber optics industry, especially with the roll-out of 5G and NG-PON2 technologies



**Enhanced management team and expansion of total addressable market**



**Healthy balance sheet:** \$42 million in cash and investments with no debt