



Leader in Fiber Optic Management and Connectivity Solutions



CLEARFIELD

Investor Presentation

March 2019

NASDAQ: CLFD



Important Cautions Regarding Forward- Looking Statements

Forward-looking statements contained herein and in any related presentation or in the 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 powered cabinet line, trends in and growth of the FTTx markets, 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 powered 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.

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What We Do

Clearfield provides fiber protection, fiber management and fiber delivery solutions that enable *rapid* and *cost-effective* fiber-fed deployment throughout the broadband service provider space



Company Overview

Founded in

2008

No. of Employees
(FY 2018)

225

Total Revenue
(TTM)

\$80.9M

Gross Margin
(TTM)

39.3%

Headquartered in

Minneapolis

Customer Base

700+

Net Margin
(TTM)

5.4%

Profitable Fiscal Years

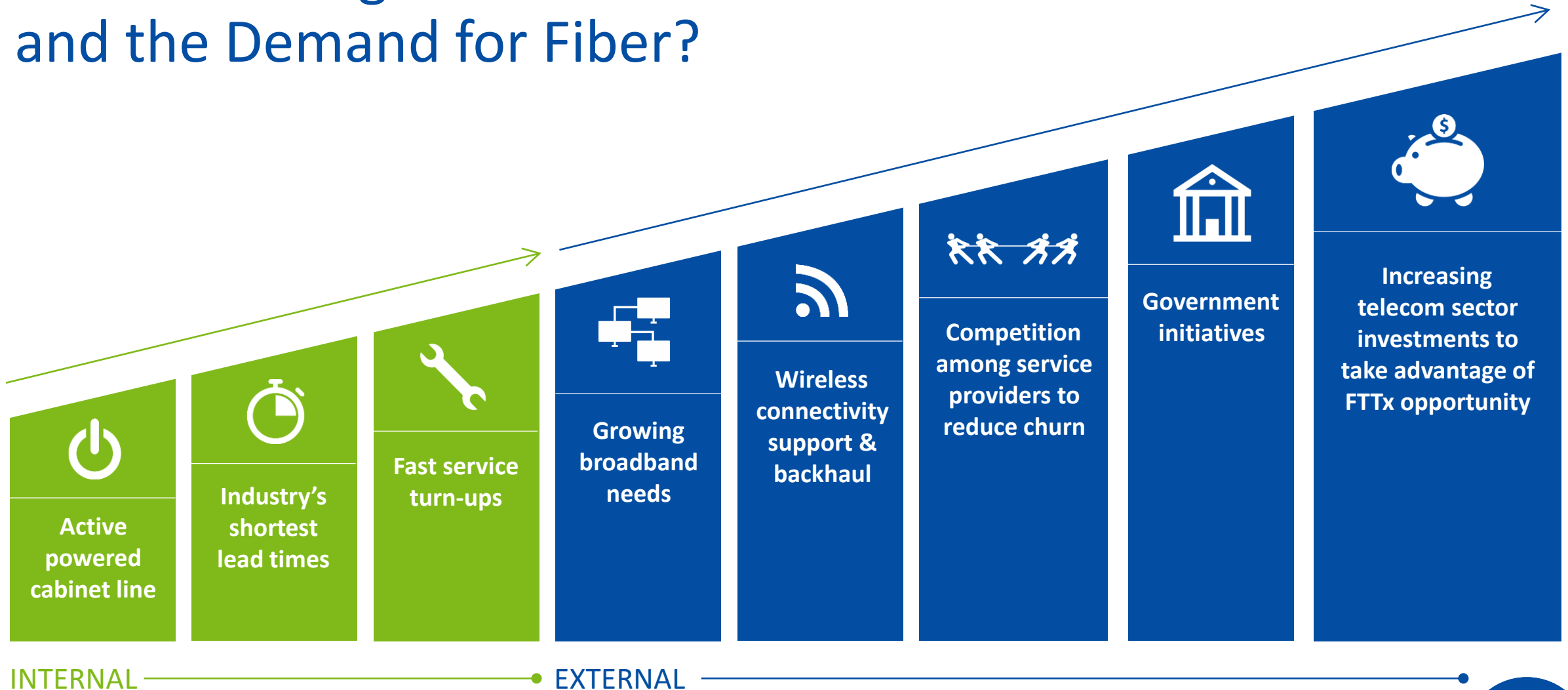
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Celebrating 11th Anniversary: 20+ Million Fiber Ports Delivered

- 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
- 2019** Launched FieldSmart Fiber Active Cabinets
- Today** Included in 700+ fiber deployments

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



INTERNAL

EXTERNAL

5G — The Key Growth Opportunity for Clearfield

5G spend will **gradually enter rapid turn-up**, with coverage estimated to address 34% of population in 2025 from 8% in 2020

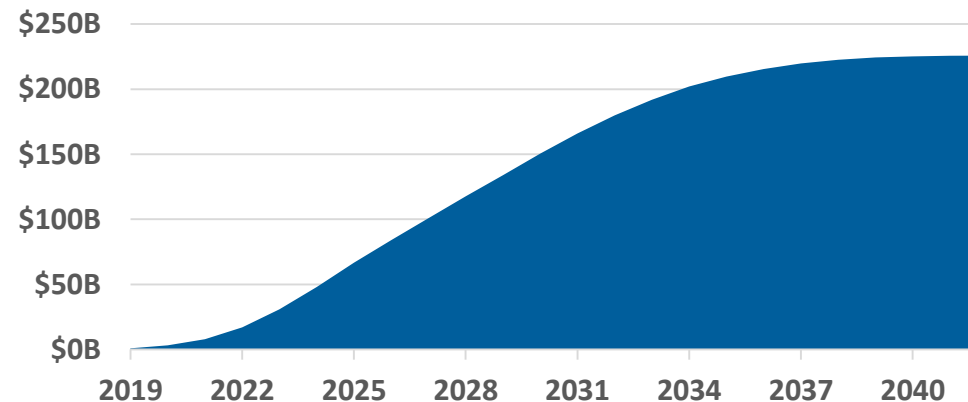
Market believed to have **20+ year \$200B+ sustainable opportunity**

No existing incumbent

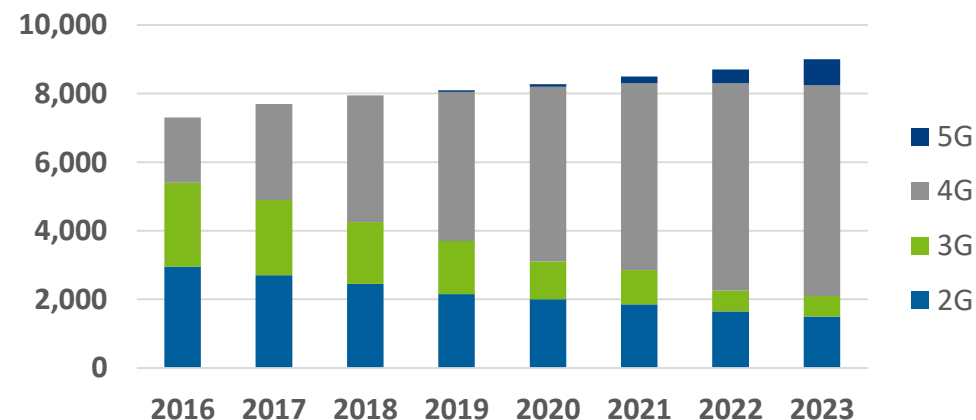
Unique point of entry for Clearfield with active cabinets, with next three years pivotal to gain 5G foothold

Sources: Ciena; Dell’Oro, Morgan Stanley Research Estimates

Cumulative 5G Cycle Spend



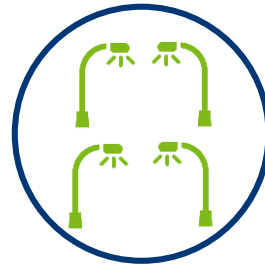
Wireless Subscriptions by Generation



The Roadmap for 5G and Where Clearfield Gets Involved



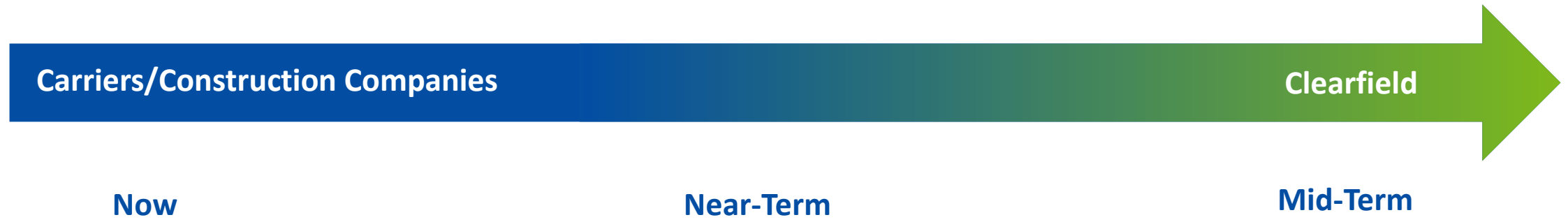
Phase 1:
Building the
Fiber Rings



Phase 2:
Adding Small
Cells to Densify
the Mesh

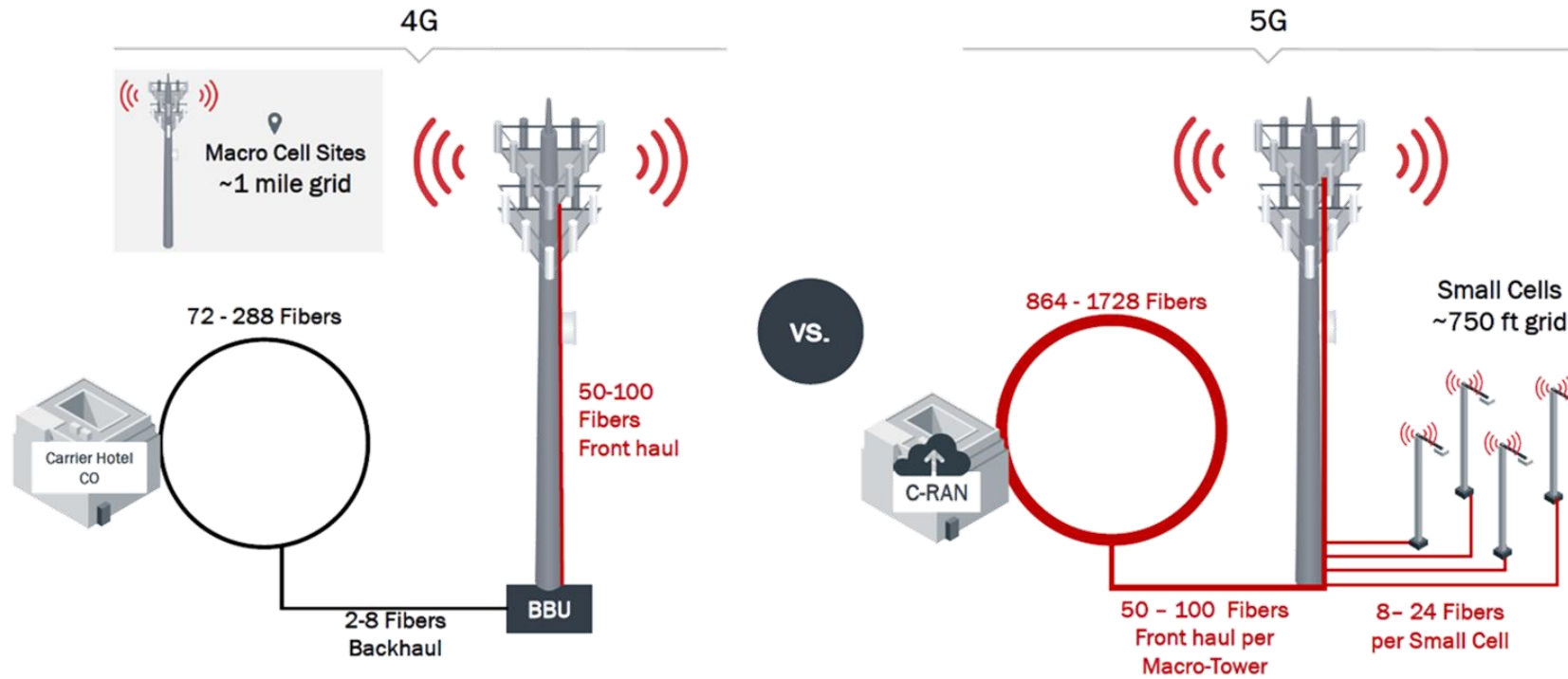


Phase 3:
Integrating Active
Cabinets Within the
Small Cells



Phase 1: Building the Fiber Rings

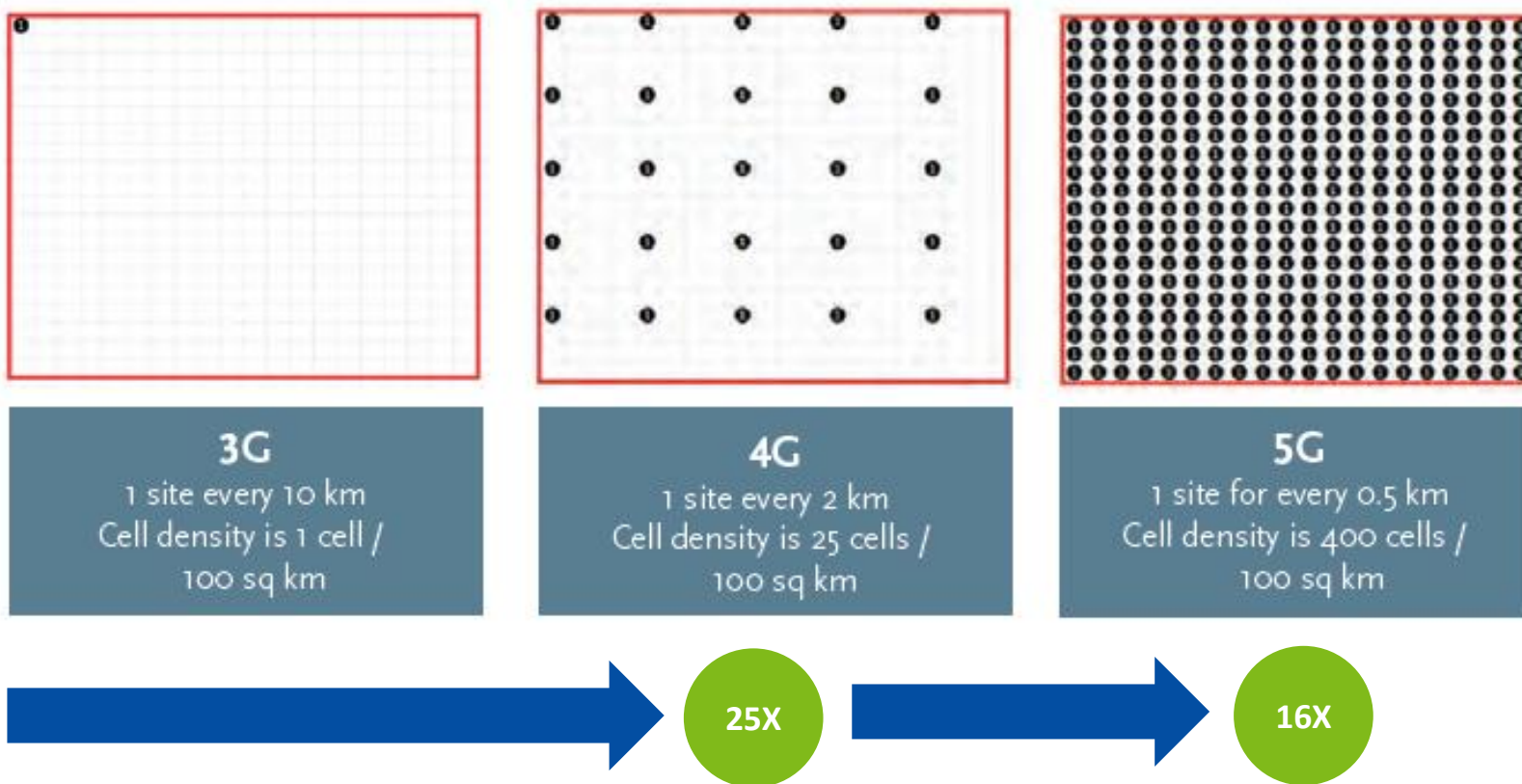
5G Needs More Fibers per Cell Tower Than 4G



Source: OFS

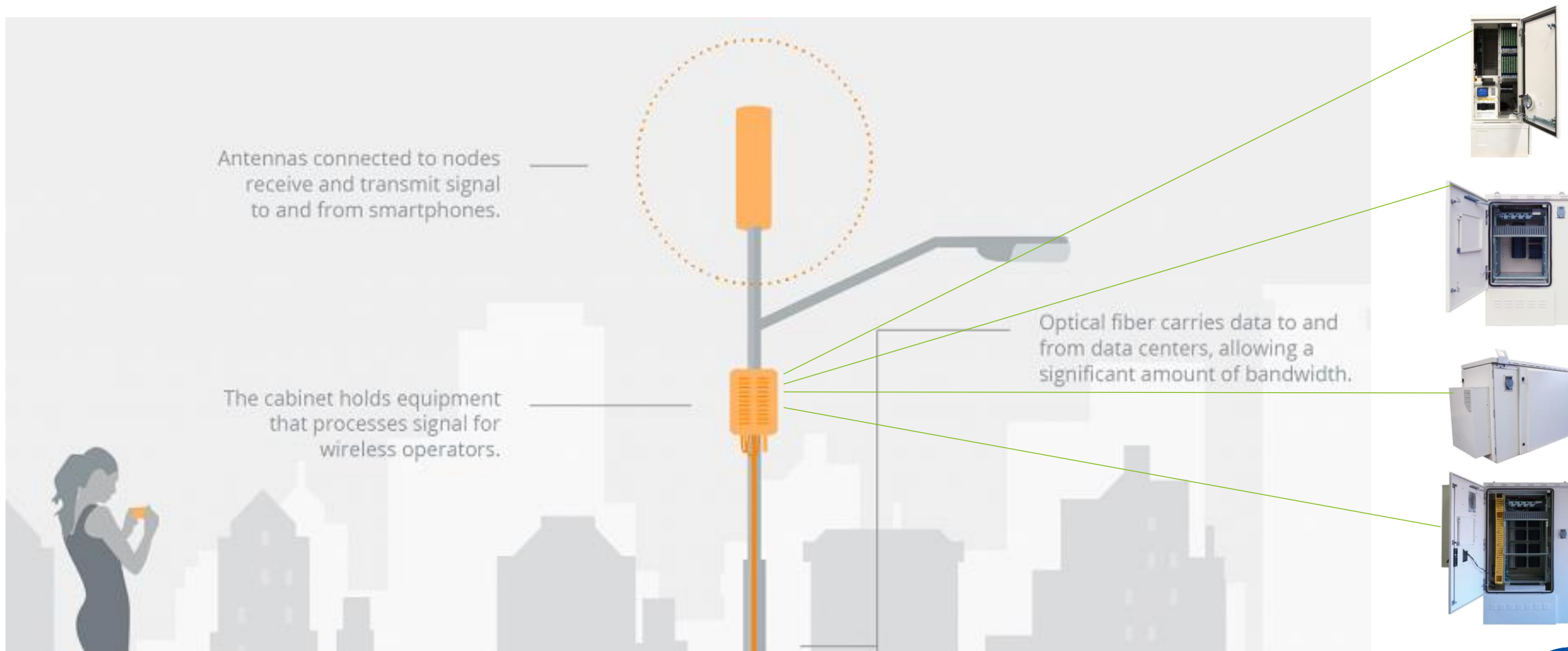
Phase 2: Adding Small Cells to Densify the Mesh

Densification Requires Much More Fiber When Going From 3G to 4G to 5G



Source: 2017 Fiber Broadband Association Report

Phase 3: Integrating Active Cabinets Within the Small Cells



Source: Texas 5G Alliance



Traditional Deployment Methods Are:

1. Expensive
2. Labor-intensive
3. Time-consuming

Service providers are demanding **lower total cost of ownership (TCO)** solutions and faster turn-up of service

Clearfield is Solving the Challenges Related to Fiber Deployment:



SINGLE PRODUCT
ARCHITECTURE



MODULAR PRODUCT
PLATFORM
(‘BUILDING BLOCKS’)



LABOR-LITE &
COST-EFFECTIVE
SOLUTIONS



RAPID TURN-UP
OF SERVICE

Our Scalable, Uniform & Cost-Effective Platform

Fiber Management

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









Fiber Protection & Delivery

FieldShield & YOURx



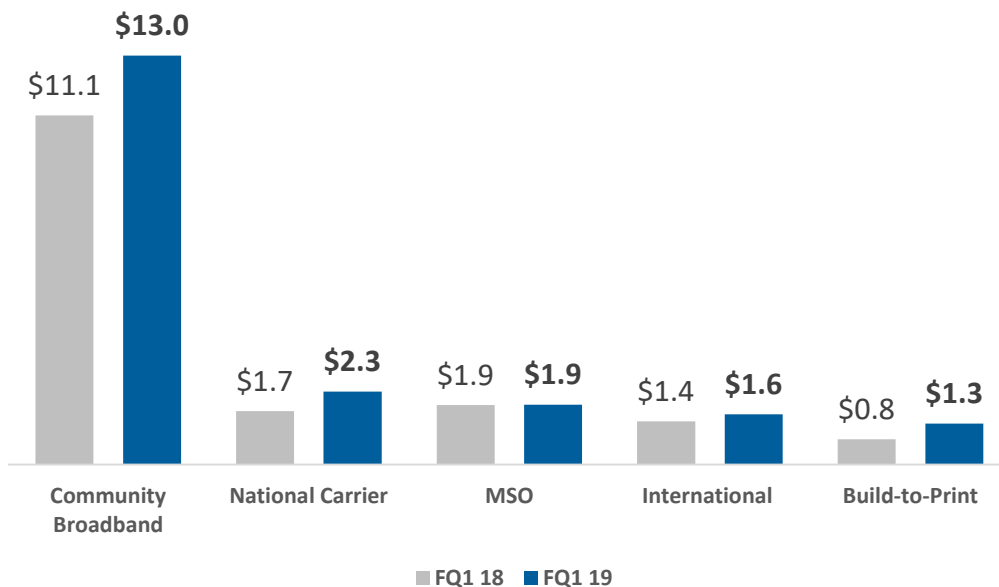
Fiber pathway and protection system consisting of microducts, cables, drop cables, connectors and terminals

Optical Fiber Value Chain

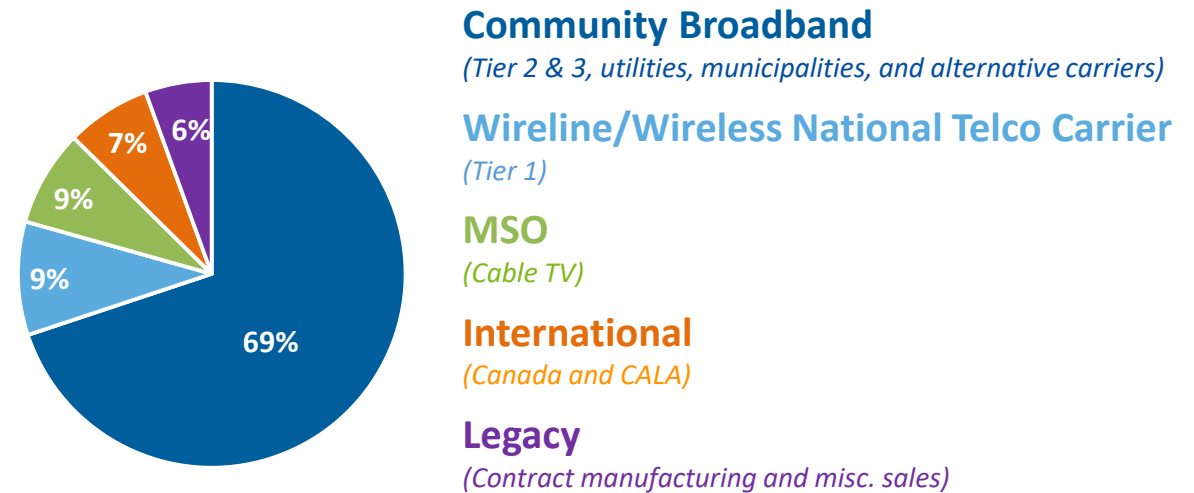
Raw Materials		Physical Layer Solutions	Equipment Makers	Network Infrastructure	Service Providers
Optical Fiber Manufacturers	Optical Components	Fiber Management & Connectivity Infrastructure	Optical Networking Equipment	Engineering & Construction Companies	Traditional Carriers, Cable Providers, Alt. Carriers
		 CLEARFIELD  CORNING  COMMSCOPE			

Recent Operational and Market Progress

Q1 Year-Over-Year Revenue Change by Market

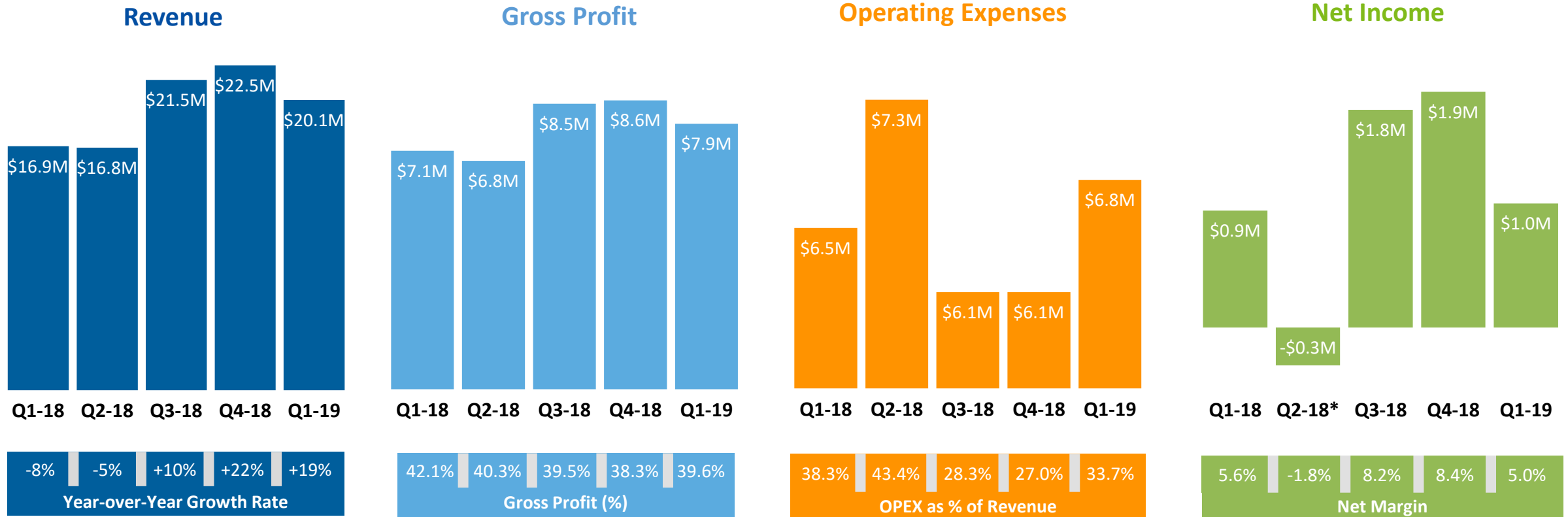


Trailing Twelve Month Revenue Composition¹



1) Based on trailing twelve month revenue of \$80.9 million and Point of Sale (POS) reporting from distributors who resell our product line into these markets

Quarterly Financial Performance

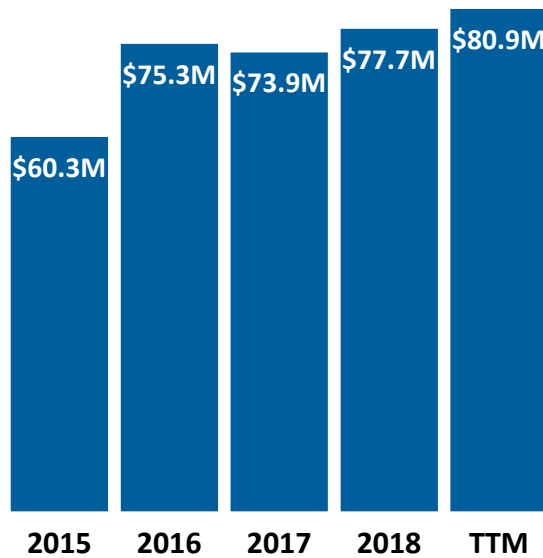


Note: Dollar figures in millions

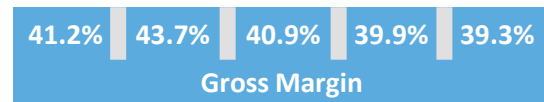
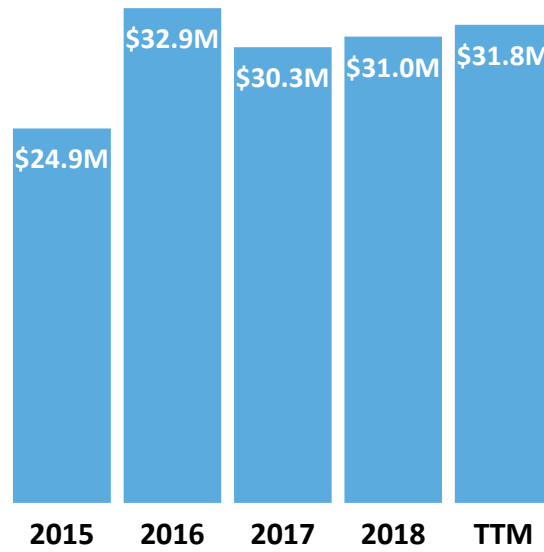
*Net income for fiscal Q2 2018 was impacted by a one-time payment of \$850,000 related to the litigation settlement with CommScope

Annual Financial Performance

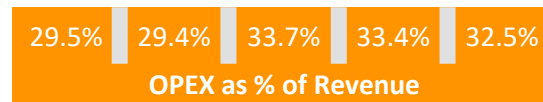
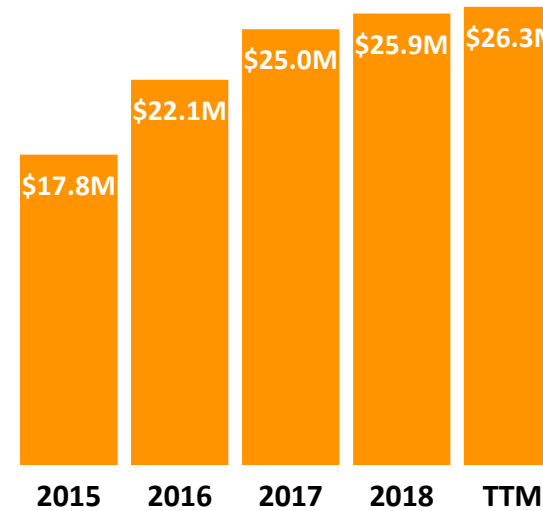
Revenue



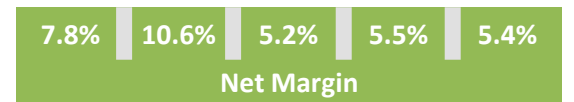
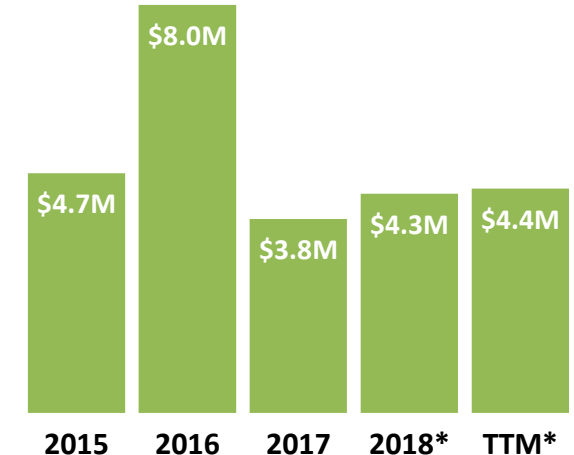
Gross Profit



Operating Expenses



Net Income



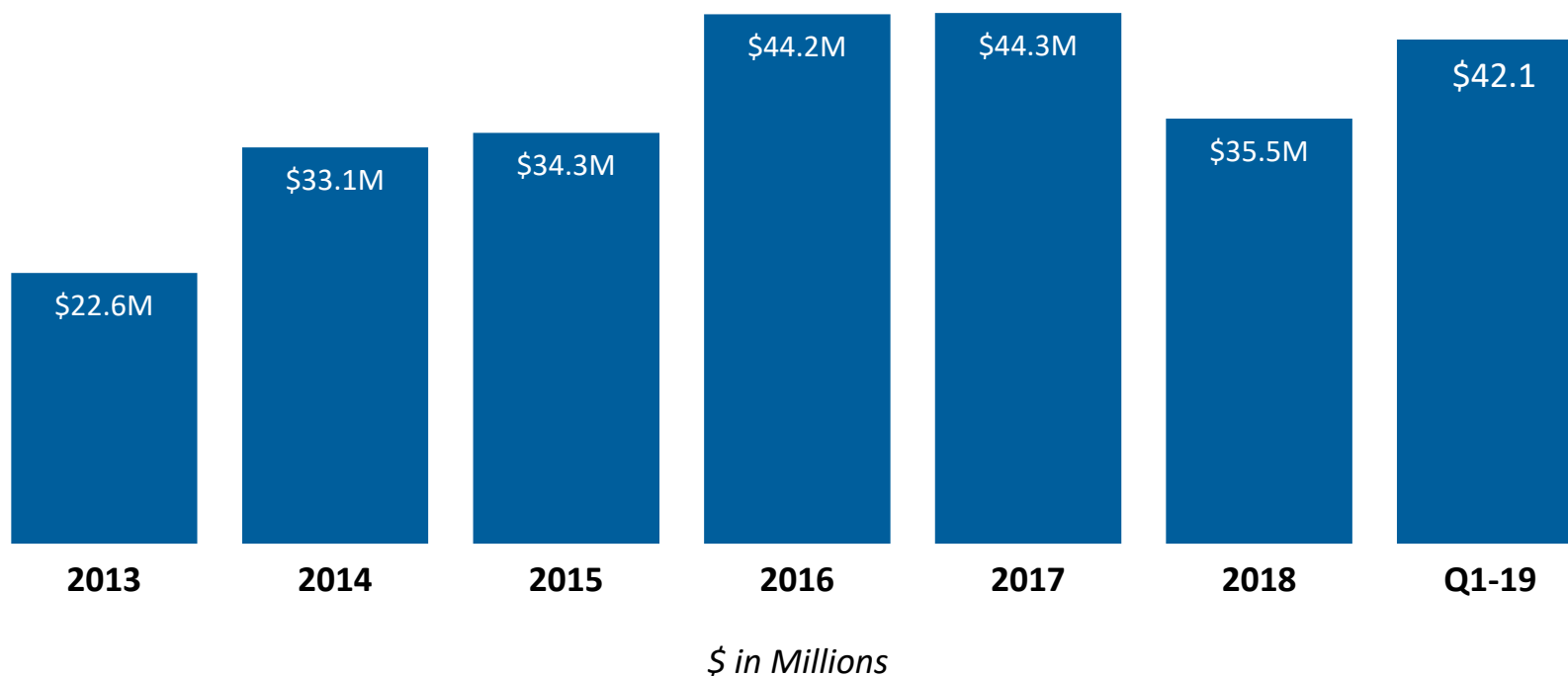
Dollar figures in millions

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

Strong Balance Sheet Supports Profitable Growth

Company is well-capitalized and able to fund its growth initiatives

Cash and Investment Balances



- Zero Debt
- \$12 million stock repurchase program in place (\$5.4 million remains)



Fiscal 2019 Outlook & Guidance

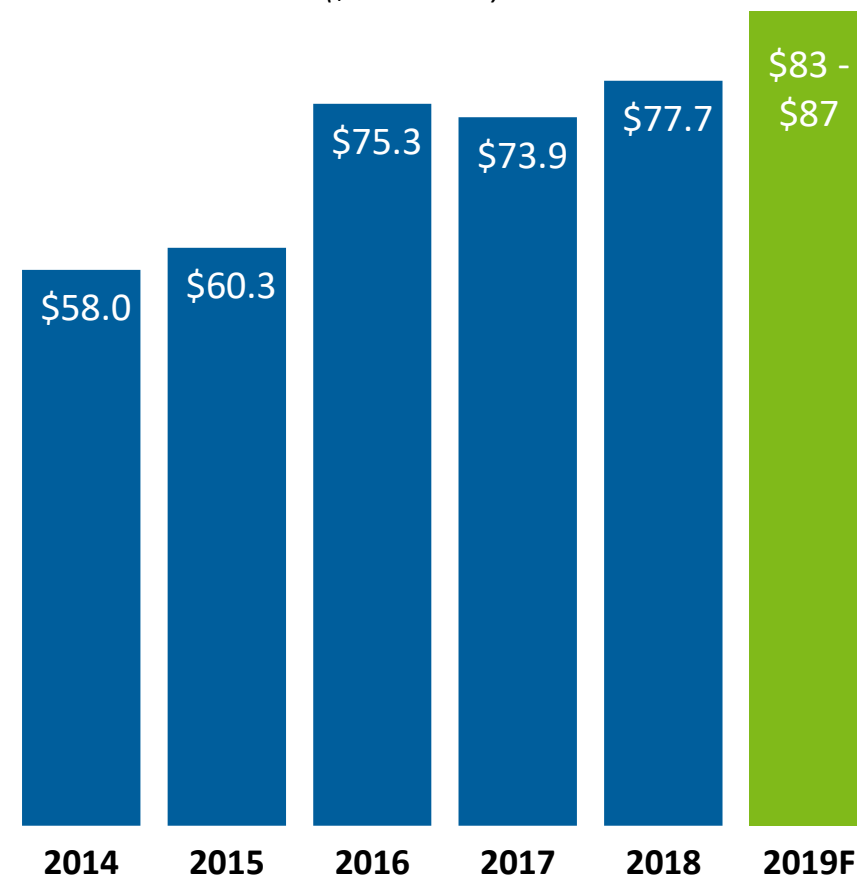
\$83M - \$87M
REVENUE

37% - 38%
GROSS MARGINS

31%-33%
OPERATING EXPENSES
as % of revenue

3% - 5%
NET INCOME
as a % of revenue

Revenue Growth Outlook
(\$ in Millions)



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

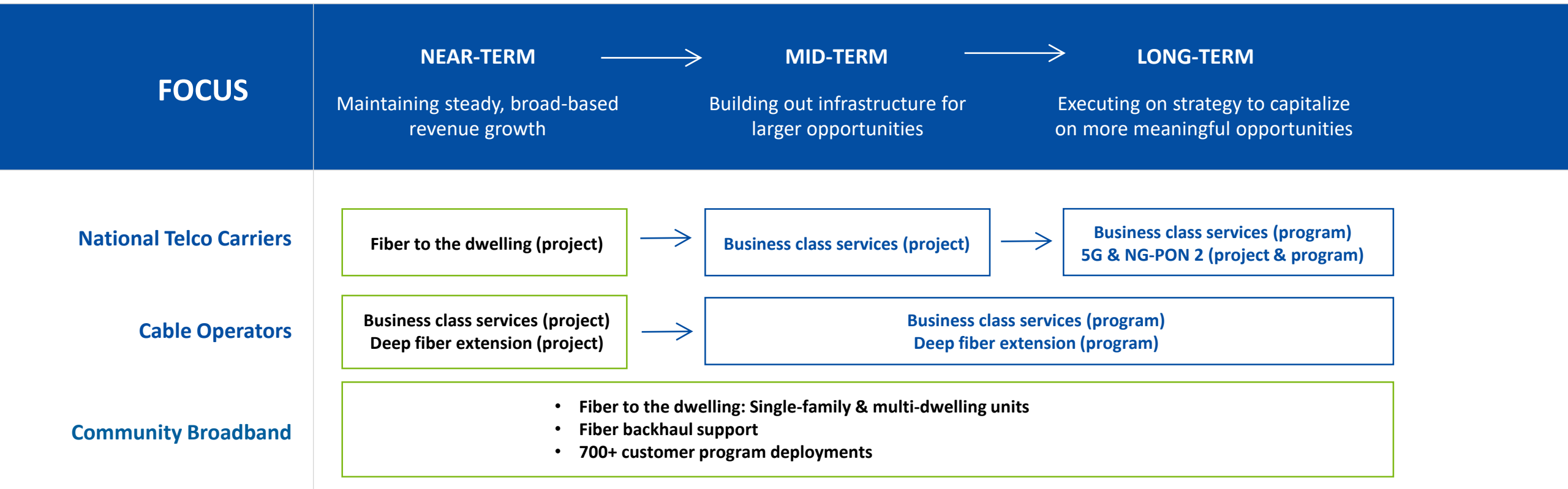
Investing in products, manufacturing and supply chain to increase competitiveness and maintain and reduce costs



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

Migrating from *Project*-based to *Program*-based Revenue to Profitably Scale the Business and Gain Market Share



Current Revenue
 Revenue Opportunity

Why Invest in Clearfield



Proven business model and management execution

11

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



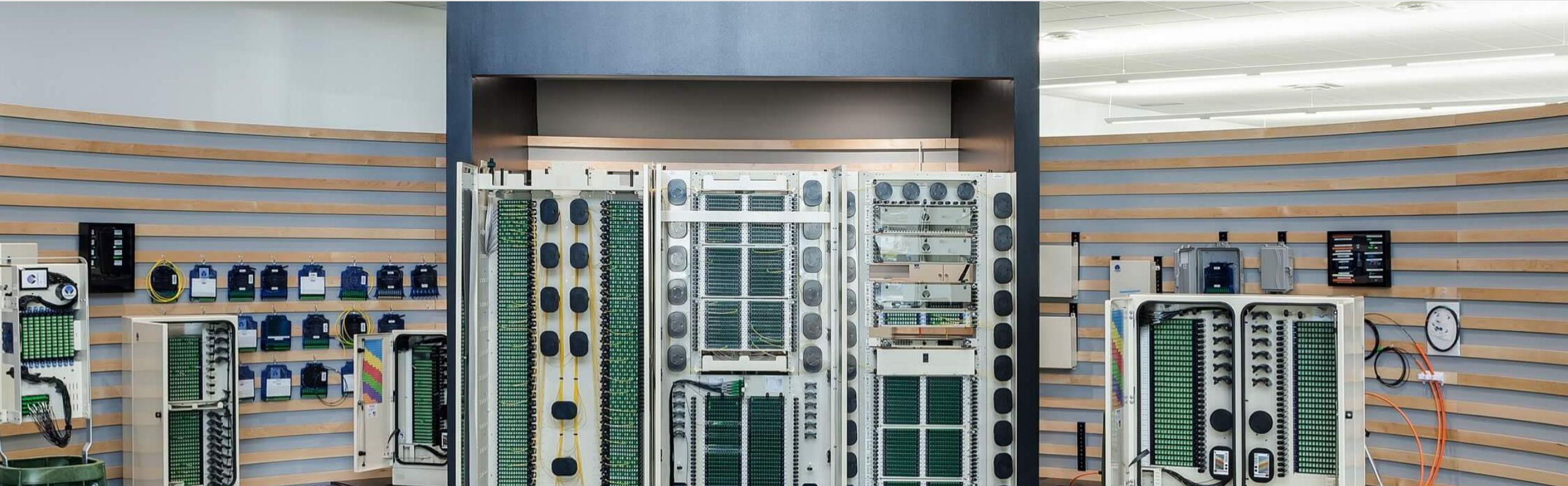
Strong competitive position in an rapidly growing multi-billion-dollar fiber optics industry, especially with the roll-out of 5G and NG-PON2 technologies



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



Healthy balance sheet: \$42.1 in cash and investments with no debt



Contact Us

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(949) 574-3860
Gateway IR (formerly Liolios)





Appendix





Executive Management Team



Cheri Beranek

President & Chief Executive Officer



Daniel Herzog

Chief Financial Officer



Johnny Hill

Chief Operating Officer



Rosa Burns

Chief Revenue Officer



Kevin Morgan

Chief Marketing Officer

- Co-founded Clearfield in 2008
- Previously President of APA Cables & Networks (Clearfield’s predecessor organization)
- Over 20 years of experience in executive roles at high-growth tech companies, including Americable, Transition Networks, and Digi International
- CFO of Clearfield since 2011
- Previously Chief Financial Officer of Americable (which was acquired by Clearfield’s predecessor organization, APA Cables and Networks)
- Held financial leadership roles in both public and private companies, including Schwing America and Computer Designed Systems
- Co-founded Clearfield in 2008
- Previously VP of engineering and product management
- Over 15 years of strategic and hands-on experience in the telecommunications networking industry
- CRO of Clearfield since April 2018
- Previously National Account Manager for 3M Communications Markets Division
- Sales leader with 20 years’ experience in telecommunications carrier fiber optic sales and achieving 3M Ignite Leader status
- CMO of Clearfield since 2016
- Previously held senior marketing positions at ADTRAN, Inc. and BellSouth (now part of AT&T)
- Held leadership positions with the Fiber-to-the-Home (FTTH) Council Americas, including as a regular Board Member since 2011 and Chairman of the Board in 2015

