

# Welcome to the 2018 Clearfield Annual Meeting



NASDAQ:CLFD

**Leader in Fiber Optic Management & Connectivity Solutions** 

2018 Shareholder Meeting February 22, 2018

#### **Call to Order**



This meeting was called by a notice and proxy statement first mailed on January 9, 2018
to all shareholders of record on December 27, 2017
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



- 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, 2018.

# Voting



# Adjournment



# **Important Cautions Regarding Forward-Looking Statements**



Forward-looking statements contained herein are made pursuant to the safe harbor provisions of the Private Litigation Reform Act of 1995. 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: our success depends upon adequate protection of our patent and intellectual property rights and our ability to successfully defend against claims of infringement; our results of operations could be adversely affected now that the stimulus funds of the American Recovery and Reinvestment Act are fully allocated and projections are nearing completion; National Broadband Plan's transitioning from the USF to the CAF program may cause our customers and prospective customers to delay or reduce purchases; 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 would adversely affect us; intense competition in our industry may result in price reductions, lower gross profits and loss of market share; our results of operations could be adversely affected by economic conditions and the effects of these conditions on our customers' businesses; 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; to compete effectively, we must continually improve existing products and introduce new products that achieve market acceptance; our acquisition of the outdoor powered cabinet products may not produce the anticipated financial results within the timeframes expected; our acquisition of the outdoor powered cabinet products may not deliver the customer synergies expected; we may face circumstances in the future that will result in impairment charges, including, but not limited to, significant goodwill impairment charges; 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; we face risks associated with expanding our sales outside of the United States; 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; we are dependent on key personnel; product defects or the failure of our products to meet specifications could cause us to lose customers and sales or to incur unexpected expenses; and other factors set forth in Part I, Item IA. Risk Factors of Clearfield's Annual Report on Form 10-K for the year ended September 30, 2017 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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#### **Clearfield at a Glance**



We provide fiber management, protection, and delivery products that enable service providers to cost-effectively build and scale their fiber networks



# Celebrating our 10<sup>th</sup> Anniversary: 20 million fiber ports delivered





**2008:** Clearfield<sup>®</sup> is born

**2010:** Entered the optical components packaging business

**2012:** Entered Caribbean and Latin America (CALA) markets



2014: Expanded manufacturing capacity with Mexico facility

**2016:** YOURx<sup>™</sup> platform makes fiber your way

**2017:**Telcordia
certifications
announced

2018: Expanded TAM by 10% with acquisition of Calix powered cabinet line

2008

2018

**2008:** Launched patented Clearview<sup>®</sup> Cassette



**2013:** Launched FieldShield®



2015: Moved to larger U.S. facility to expand manufacturing and operations capacity



**Today:** Included in 700+ fiber deployments

700+

Note: Figure not drawn to scale

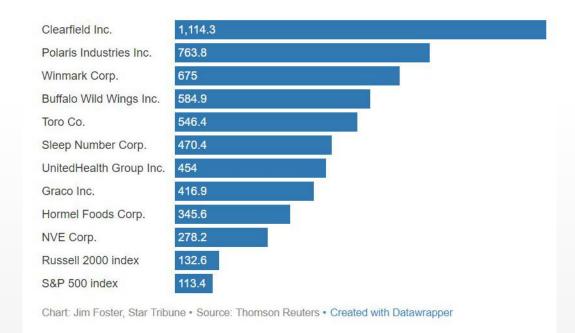
## MN's best performing Company over last 10 years: Clearfield!



### Minneapolis StarTribune: January 29, 2018

Among 70 some Minnesota public companies, 38 have performed better than the S&P 500 index.

The Top 10 Companies for Total Return on Share Price Percentage (January 25, 2008 – January 25, 2018):





#### CommScope, Clearfield Agree to Patent Lawsuit Settlement

HICKORY, NC, and MINNEAPOLIS, February 22, 2018—CommScope, a global leader in infrastructure solutions for communications networks, and Clearfield, Inc., the specialist in fiber management and connectivity platforms for communications providers, have agreed to terms of a settlement that would resolve the patent infringement lawsuit CommScope filed against Clearfield in January 2017 (CommScope Technologies, LLC v. Clearfield, Inc., 17-cv-307 (D. Minn.).

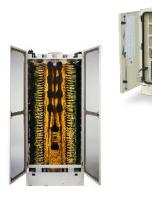
In the suit, CommScope claimed infringement of 13 patents relating to CommScope fiber-to-the-X (FTTx) innovations by certain features of specific models of Clearfield's cabinet, splitter, and terminal products. Clearfield responded with affirmative defenses and filed *inter partes* reviews with the US Patent and Trademark Office relating to some of the asserted patents.

As part of the settlement, the parties will jointly dismiss the litigation and withdraw the *interpartes* reviews. In addition, Clearfield has moved to new design solutions in place of the contested products, and will pay CommScope a one-time payment of \$850,000.



## Our Scalable, Uniform and Cost-Effective Platform











#### **Fiber Management**

**Fiber Protection & Delivery** 

FieldShield and YOURx

# **FieldSmart**

network

Panels, frames, cabinets, pedestals, etc., for the inside plant, outside plant and access Patented cassettes that connect multiple fiber optic cables

Clearview

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



# Clearfield Unveils the YOURx-Aerial Terminal; Sets New Benchmark for Faster FTTx Deployments

February 22nd, 2018 | Press Releases

Unique Design Reduces Fiber Turn-up Time By Up To 50
Percent for Pre-Connectorized Aerial Deployments

MINNEAPOLIS – February 22, 2018 – Clearfield, Inc. (NASDAQ:CLFD), the specialist in fiber management for communication service providers, today introduced the YOURx™-Aerial

## The Road to Profitably Growing Revenue Faster Than 15%



FIBER MANAGEMENT

FIELDSHIELD

CERTIFICATIONS

NATIONAL CARRIER PRODUCT APPROVALS MASTER PURCHASE GREEMENTS

CHANNEL DEVELOPMENT

STRATEGIC ALLIANCES

MARKET & PRODUCT LINE ENHANCEMENTS

#### Phase I (2008-2015)

- Rebuild the company
- Restore balance sheet and develop profitable and sustainable growth business
- Build and expand the value proposition through patented and costminimizing solutions

#### Phase II (2015+)

- Expand into national carrier market through product approvals, master purchase agreements (MPAs) and certifications:
  - Certifications achieved: NEBS (central office panels); GR-326 (SC and LC connectors and cables); GR-487 (Makwa)
  - Product approvals gained at Verizon, AT&T, CenturyLink, Frontier, Windstream, and Charter
  - MPA gained at Tier 1 customer, with three pending

#### Phase III (2018+)

- Secure additional partnerships that will expand "feet on the street"
- Dedicate sales resources to align company with industry EF&I firms, along with optical fiber and electronics vendors for referral business opportunities
- Expand product suite to add more revenue to existing clients and new markets for existing product technologies

## Why is the Calix Product Acquisition Strategic?



#### For Clearfield

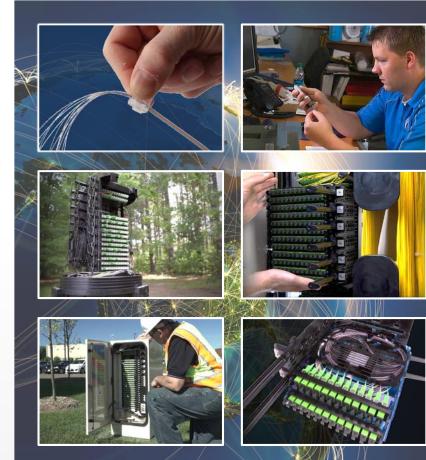
- Telcordia certified powered cabinet line complementary to existing portfolio
- Incremental opportunity with limited SG&A investment
- · Expand sales presence through the Calix channel
- · Integration costs are limited
- Is immediately accretive to earnings

#### For the Industry

- · Accelerates entry into Tier 1
- Exposes the company us to other electronics manufacturers looking to focus on transformation to cloud platforms and software
- Positions for future powered cabinet solutions of Calix deployments for 5G
- Aligns Clearfield with Calix as they pursue Verizon business (Verizon has publicly stated this alignment)

#### For Customers

- No disruption to existing customers who can continue buying Clearfield powered cabinet product through Calix
- Expands available Clearfield market opportunity in Tier 3 through earlier sales visibility and implied endorsement
- Sellable to all of Clearfield's telco customers





It's fiber to anywhere.

# Clearfield ODC Product Line

CLEARFIELD

Strategic Acquisition

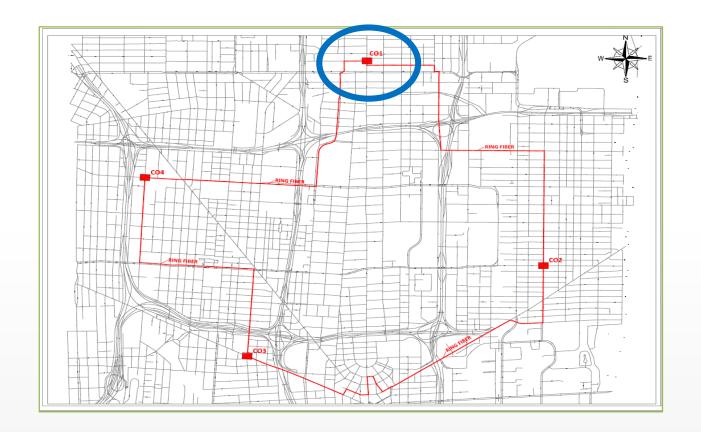
# **Clearfield ODC Product Line**



ODC-100	ODC-200	ODC-1000	ODC-2000

## **Basic Example Fiber Ring Architecture**

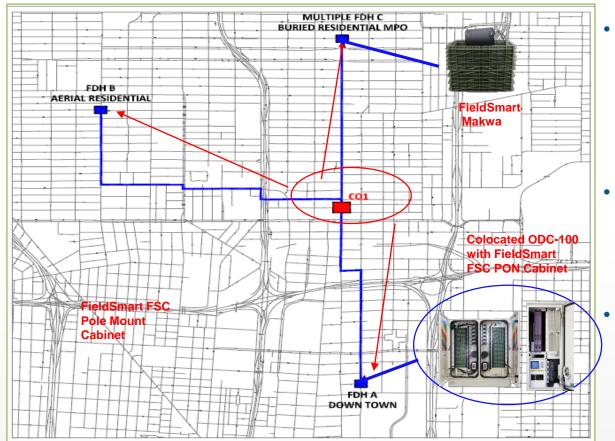




- Outside Plant design starts with a map of a serving area
- Fibers are routed through multiple central offices (COs) in an area to form a fiber ring
- Each CO further divides up the serving area

## CO 1 Drill Down To FDHs In Fiber Serving Areas A /B





- The Clearfield ODC-100 powered outdoor cabinet places electronics (GPON blades) closer to end users serving up to 1,536 customers at full capacity and requires a collocated FSC PON type cabinet equipped with splitters for fiber management
- The FieldSmart FSC Passive Optical Network (PON) Cabinet is the complete solution for managing up to 1,152 distribution fibers for an OSP FTTx application.
  - Through the incremental design of the Clearview Cassette, user capacity can be scaled from as few as 12 ports to the maximum configuration of the cabinet, allowing the service provider to align the investment in capital equipment to the turn-up of revenue-generating circuits.

# FSA/FDH B Home-Run YOURx MPO Tails to Central Splices



