UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report: January 31, 2019
(Date of earliest event reported)

CLEARFIELD, INC.
(Exact Name of Registrant as Specified in Charter)

Minnesota
(State or Other Jurisdiction of Incorporation)

000-16106	**41-1347235**
(Commission File No.)	(IRS Employer Identification No.)

7050 Winnetka Avenue North, Suite 100, Brooklyn Park, MN 55428
(Address of Principal Executive Offices)(Zip Code)

(763) 476-6866
(Registrant's Telephone Number, Including Area Code)

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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Items under Sections 1 and 3 through 8 are not applicable and therefore omitted.

Item 2.02 Results of Operations and Financial Condition.

Clearfield, Inc. (the "Company") hereby furnishes as Exhibit 99.1 its "FieldReport" relating to the first quarter December 31, 2018 that was issued via webcast on January 31, 2019. The FieldReport is a slide presentation and an embedded script of remarks by Cheryl Beranek, the Company's President and Chief Executive Officer, and Daniel Herzog, the Company's Chief Financial Officer. Simultaneously with the webcast, the remarks relating to first quarter ended December 31, 2018 were also delivered via telephone conference.

Item 9.01 Financial Statements and Exhibits.

(c) The following exhibits are being furnished herewith:

99.1 FieldReport for First Quarter ended December 31, 2018 issued January 31, 2019.

SIGNATURES

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

CLEARFIELD, INC.

By: /s/ Cheryl Beranek
Cheryl Beranek, Chief Executive Officer

Dated: February 1, 2019

Good afternoon. Welcome to Clearfield's fiscal first quarter 2019 earnings conference call. My name is Hector, and I will be your operator this afternoon.

Joining us for today's presentation are the Company's President and CEO, Cheri Beranek and CFO, Dan Herzog. Following their commentary, we will open the call for questions.

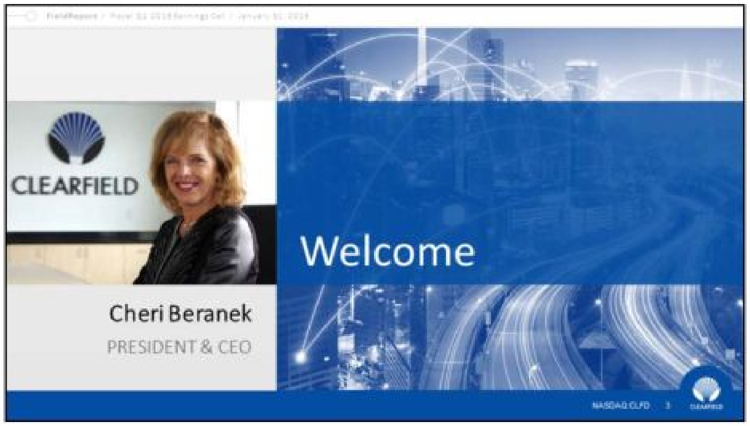
I would now like to remind everyone that this call will be recorded and made available for replay via a link in the investor relations section of the Company's website. This call is also being webcasted and accompanied by a PowerPoint presentation called the FieldReport, which is also available in the investor relations section of the Company's website.

Please note that during the course of this call, management will be making forward-looking statements regarding future events and the future financial performance of the Company. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements.

It's important to note also that the Company undertakes no obligation to update such statements except as required by law. The Company cautions you to consider risk factors that could cause actual results to differ materially from those in the forward-looking statements contained in today's press release, FieldReport, and in this conference call. The risk factors section in Clearfield's most recent Form 10-K filing with the Securities and Exchange Commission provides descriptions of those risks. As a reminder, the slides in this presentation are not controlled by the speaker but rather by you, the listener. Please advance forward through the presentation as the speaker presents their remarks.

With that, I would like to turn the call over to Clearfield's CEO, Cheri Beranek.

Please proceed.



Good afternoon, and thank you everyone for joining us today.

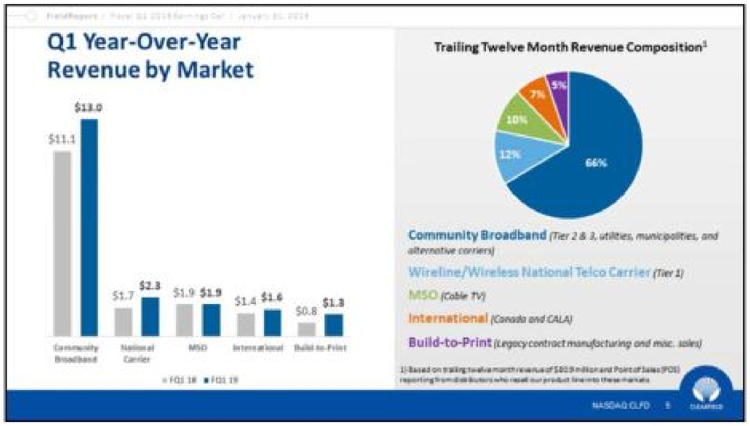
Following the record topline performance in the prior quarter and fiscal year, we experienced another strong quarter in the first quarter of fiscal 2019. Revenue was up 19% year-over-year to $20.1 million, driven principally by sales of active cabinet solutions as well as continued demand for the rest of our product line.

It's important to note that even with the lower gross margins associated with our active cabinets, we continued to demonstrate the accretive nature of this product line. During the quarter, we were able to drive significantly higher revenue but kept operating expenses relatively stable. Year-over-year, our newly enhanced and broadly integrated product suite contributed to an 82% increase in income from operations for the quarter.

In addition, the year-over-year backlog was up 84% from $2.4 million to $4.4 million with the backlog outside of active cabinet solutions up 62%. As we noted when we acquired the active cabinet product line in late second quarter of 2018, our goal was to establish a market presence in active cabinet solutions, as well as increased revenue of all product lines through the strategic advantage of entering the sales cycle at an earlier point. We are pleased at the early demonstration of the execution of this strategy.

The active cabinets are just one example of how we are continuing to enhance our competitive position and operational effectiveness as part of our 'Coming of Age' plan, which I'll provide an update on later on the call.

But before doing so, I want to go over our recent operational and market progress.



As you'll see on slide 5, each of our four market areas within the broadband service provider marketplace as well as our build-to-print business demonstrated solid performance this quarter. Community Broadband was up $1.9 million, or 18%, year-over-year to $13.0 million. Similar to last quarter, driving this strong growth was an increase in sales of our traditional fiber management and connectivity products and ongoing success of the active cabinets.

Clearfield's National Carrier business was up $600,000, or 35% year-over-year to $2.3 million for the quarter. The introduction of the active cabinet product line through our reseller partnership with Calix is increasing sales into this market and bringing us earlier into the sales cycle. We saw a significant increase of FieldShield usage from one national wireline carrier as we continue to demonstrate the suitability of our craft-friendly solutions in these labor-intensive networks. Finally, the growth in the National Carrier business also includes repeat business from another national wireline provider, as we see renewed demand within that account, albeit at a more measured pace.

The MSO or Cable TV business was consistent with the last year at $1.9 million of revenue. Internationally, we experienced a $200,000, or 17% year-over-year increase in revenue in that business, which was driven by orders related to our active cabinet line offset by weakness in the Canadian market which was hardest hit due to a strong customer from fiscal 2018 being acquired.

As for the increase of $500,000 in our Build-to-Print business, which we have historically labeled our legacy business, that is primarily the result of one customer returning to their historical levels after experiencing a one year lag in their business due to internal constraints. Overall, the $1.3 million generated in our Build-to-Print business is consistent with the revenue from Q4 of last year.

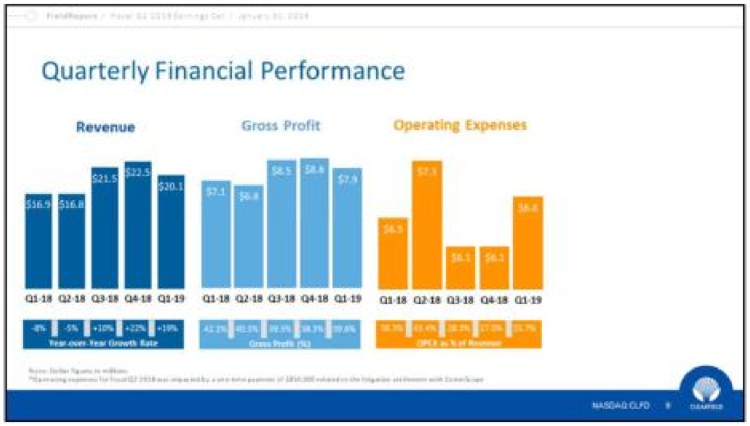
With that, I'll now turn the presentation over to our CFO, Dan Herzog, who will walk us through our financial performance for the first quarter of fiscal 2019.

Thank you, Cheri.

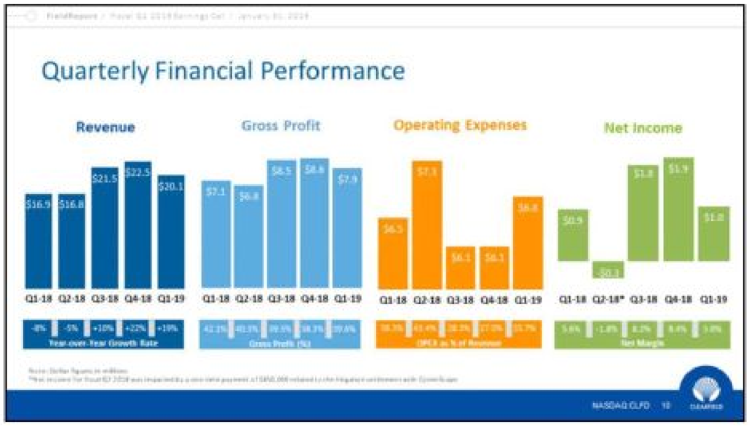
Now, looking at our financial results in more detail…

Our revenue in the first quarter of fiscal 2019 increased 19% to $20.1 million from $16.9 million in the same year-ago period. The increase for the quarter was largely driven by the strong sales of our active cabinet line, Build-to-Print products and, to a lesser extent, an increase in sales of our traditional product categories.

Gross profit for the first quarter of fiscal 2019 increased 12%, as compared to the first quarter of fiscal 2018, to $7.9 million, or 39.6% of total revenue. Gross profit margins for the first quarter of fiscal 2019 were down in comparison to the first quarter of fiscal 2018 but demonstrated a healthy increase in comparison to the fourth quarter of 2018 due to ongoing cost reduction initiatives. While the impact of the Chinese tariffs has been minimal year-to-date, we remain cautious about future implications.

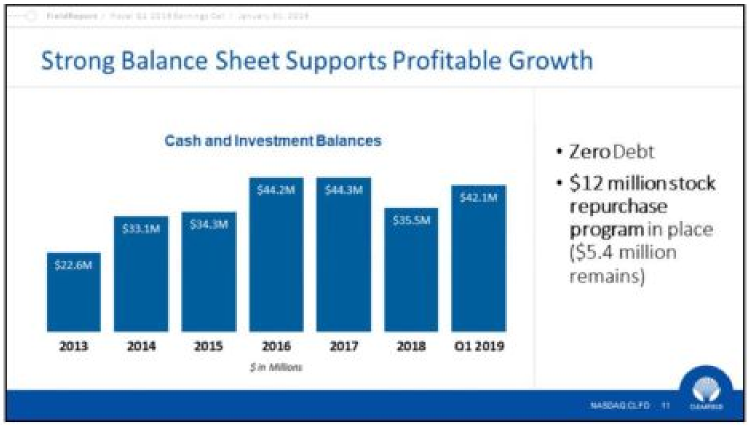


Our operating expenses for fiscal Q1 were $6.8 million, which were up from $6.5 million in the same year-ago quarter. The increase was largely due to additions in headcount to support the continued growth of the organization and an increase of depreciation and amortization expense primarily related to the intangibles resulting from the purchase of the active cabinet line during the second quarter of fiscal 2018. These additional costs were offset by a decrease in legal expenses.



Income from operations increased 82% to $1.2 million in the first quarter of fiscal 2019 from $644,000 in the same year-ago quarter. Income tax expense increased 246% from a benefit of $203,000 in the first quarter of fiscal 2018 to an expense of $296,000 in the first quarter of fiscal 2019. As you will recall, the first quarter of fiscal 2018 included a one-time benefit of $384,000 as a result of the Tax Cuts and Jobs Act enacted in December of 2017. The resulting net income of $1,010,000, or $0.08 per diluted share for first quarter of fiscal 2019, was an increase of 7% from the first quarter of fiscal 2018 when we recorded net income of $943,000, or $0.07 per diluted share.

Turning now to our balance sheet…

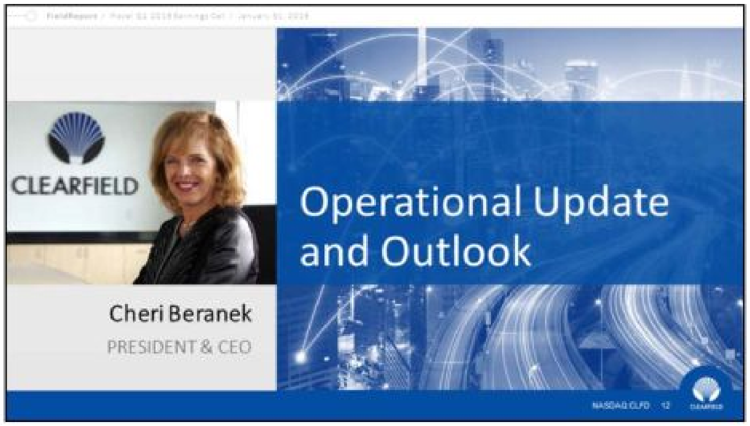


During the first quarter, our cash, cash equivalents and investments increased to $42.1 million from $35.5 million in the prior quarter ended September 30, 2018 due to strong collections in our accounts receivable. As you will recall, the Company used $10 million in cash during 2018 for the acquisition of the active cabinet product line.

As of December 31, 2018, we have repurchased an aggregate of 523,794 shares for approximately $6.6 million, leaving approximately $5.4 million available within our $12 million stock repurchase program. During the first quarter of 2019, we did not repurchase any shares as part of our share repurchase program. Going forward, we'll continue to allocate capital toward the areas where we believe have the greatest returns, including better serving our customers, investing in complementary products or technologies, enhancing our supply chain and operational infrastructure, and potentially acquiring accretive businesses or product lines that can help us further reduce our cost structure or significantly expand our market opportunity.

Now with that, I would like to turn the call back over to Cheri.

Cheri?


CLEARFIELD
Operational Update
and Outlook
Cheri Beranek
PRESIDENT & CEO
NASDAQ:CLFD 12

Thanks, Dan.

On our last earnings call, I introduced and talked about our 'Coming of Age' plan, which is designed to strengthen our core business and position us better for more disruptive growth opportunities. I'll now spend a moment going over our progress during the first quarter of each of these initiatives.

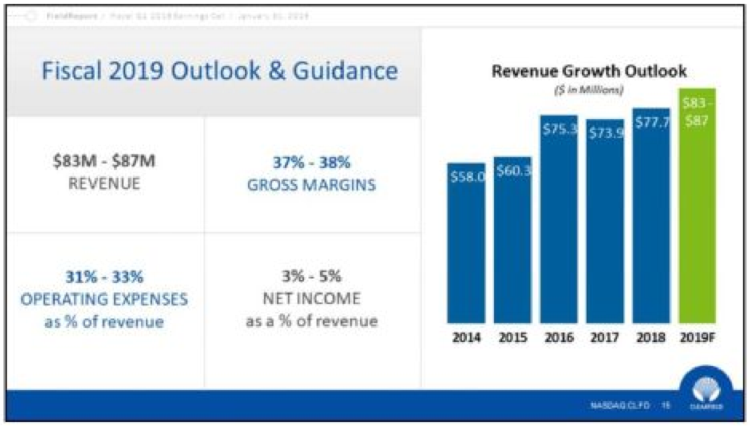
As it relates to expanding our core Community Broadband business, we're getting in front of our customers in a deeper and more frequent way, emphasizing not only the cost-effectiveness of our solutions, but also how they help overall ensure rapid turn-up of service.

The second initiative of our 'Coming of Age' Plan relates to enhancing our competitive position and operational effectiveness. As noted in Dan's remarks, we were able to improve the gross margin percentage this quarter in comparison to fourth quarter of 2018. However, we are not yet changing our long-term outlook on gross margin percentage for the year as we enhance our efforts into new markets and customers which may require price concessions. In addition to continued support of our reseller relationship with Calix for the sale of active cabinet solutions optimized for their electronics and markets, we have also been developing a new configuration of active cabinets which we expect to launch later this quarter. With these new configurations, we will be exploring application scenarios that will leverage our high-density solutions for fiber management and optical component integration.

And finally, we continue to explore ways to capitalize on disruptive growth opportunities. In addition to the revenue-producing pilots that were recorded in the first quarter, we also began non-revenue trials of newly designed products within the national carrier market to demonstrate how the craft-friendly nature of our product line will reduce labor and enhance service turn-up times.

As just a quick example of the work we're doing today to prepare for the massive 5G rollout, we're actively listening to our customers to better understand their unmet needs to deliver the fiber networks of tomorrow. One of the central pieces of the entire 5G network infrastructure, the small cell, is one such opportunity.

As many of you know, small cells are enabling applications as simple as wireless voice and data coverage to something as complex as the autonomous car or the smart city. Deployment of these small cells are a key feature of the HetNet approach, a term used for modern mobile communications networks. HetNet allows considerable flexibility as to where the cells are positioned, making it key to the 5G build-out. From the early stages of 5G planning to the detailed evolution of 5G requirements, it has become clear that small cells are a key component to make the path practical and profitable. This is because 5G requirements demand more capacity, more coverage, more spectrum and more bandwidth.

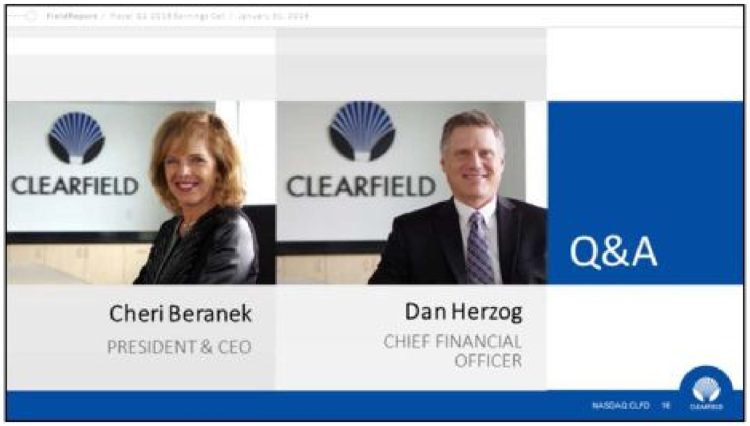


So, to summarize, fiscal Q1 2019 was another strong quarter for the company. We generated strong performance across all of our markets, particularly in our Community Broadband and National Carrier businesses. We not only continued to grow our market share in the Community Broadband space, but also continued to make inroads in the National Carrier market, where we're finding ourselves a larger part of network planning discussions.

Based off of the strong financial performance we have been generating and expect to generate throughout the remainder of the year, we are reiterating our fiscal 2019 guidance, which calls for $83 million to $87 million of revenue and 3% to 5% net income as a percent of revenue.

And with that, we're ready to open the call for your questions.

Operator?



Thank you.

We will now be taking questions.

Operator
Our first question comes from the line of Tim Savageaux with Northland Capital Markets.

Timothy Paul Savageaux
Northland Capital Markets, Research Division
I wanted to ask, and I think you made some reference to this, but I wonder if you might be able to amplify it. Number of your peers have seen some strength and I know your fiscal year is different, but some strength into calendar year-end, kind of along the lines of what we used to see every once in a while in terms of budget flush by some of the big U.S. Tier 1 carriers, and you made reference to some resumed growth at a national carrier, at least. But I wonder if you could look whether that was one factor driving the year-on-year growth in backlog or whether Clearfield saw any similar trends across the larger Tier 1 carriers in the December quarter?

Cheri Beranek
Chief Executive Officer, President & Director
Good to talk to you, Tim. The -- our frame of reference on that -- in the national carrier space, I mean, we're up just a little bit over $2 million for revenue in that space for last quarter, so we really don't have enough impact in that space to say it was related to budget flush, because we're still in the qualification stage. I think it's much sounder than that. It's a stronger orientation to visibility, presence and adding additional product categories that we hadn't been offering before. Being able to provide not only fiber management, but also more strategically now the drop cable opportunities, the FieldShield that I mentioned. So I actually think it's a pretty bullish sign across the product line and not related to time of market.

Timothy Paul Savageaux
Northland Capital Markets, Research Division
Got it. And from a year-over-year perspective, I guess most of growth came on the cabinet side, you size that at $2.7 million. That's a little uptick from the run rate you anticipated. What sort of trends do you expect there going forward in terms of the powered outside cabinets? Is that kind of emerging as a significant growth driver? Or just kind of getting carried along with the overall spending trend?

Cheri Beranek
Chief Executive Officer, President & Director
Yes. I mean, when we acquired the active cabinet line, we indicated that was a $10 million avenue revenue opportunity for us. We think that actually is going to go up from there. I think our opportunity to work closely with those organizations and be able to provide a more diligent approach and more focused approach. The active cabinet solutions is allowing us to service our reseller customer as well as get some really good visibility for other opportunities and where additional active cabinet solutions could be put into place. So we're optimistic that next fiscal year we're going to see revenue lines beyond what we originally forecasted.

Timothy Paul Savageaux
Northland Capital Markets, Research Division
Great. And my last question is, you term the 5G opportunity as massive. I think that's probably right. What I'd like to drill down a little bit on sort of what you mean by that from a Clearfield perspective and I don't know if you've done any work on kind of your addressable opportunity in this whole small cell deployment? And then as you commence these trials, I wonder if you could give us some sense of what your expectations might be from a timing perspective, until we start to see some revenue attached to that massive opportunity? And as an aside, sort of to what degree is that enhanced or related to your ongoing efforts with some of the larger carriers?

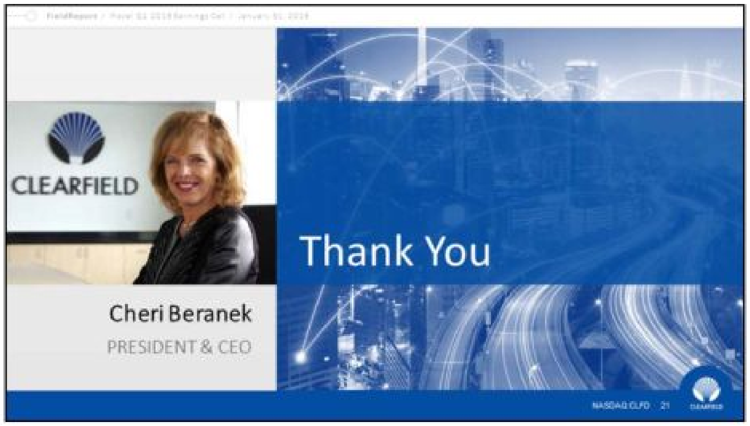
Cheri Beranek
Chief Executive Officer, President & Director
Well, we're looking at the 5G initiative in kind of multiple stages. Stage one for us is the densification of the 4G network in order to enable 5G deployment. And our opportunity in there are going to be new terminal solutions that are going to be more focused for smaller count, allowing for a more dense deployment of those towers and the fiber backhaul and front haul that's going to be required. We don't -- those are I think later 2019, kind of third and fourth quarter. We could be looking at a small amount of revenue for that. The kind of stage 2 is going to be more of the wireline, wireless DMARC and an opportunity for us to be able to put fiber management and optical components at that DMARC location. Again, probably a late 2019 fiscal year, so our build season is also late summer kind of months. The longer term and the massive opportunity that I referred to is going to be more associated when 5G electronics are actually -- are hardened and placed in the outside plant.

And when that happens, we're going to be looking at what we do best, and that's the need to be able to provide a fiber distribution point that's going to be managed and protected alongside the power distribution. And our acquisition of the active cabinet line now is allowing us to have voice of customer conversations with those providers to identify what are you not seeing, what are you not getting, what can we provide with our nimble, agile approach to fiber management and product innovation to help you get there. That's the kind of stuff that we're talking about in 'Coming of Age' for disruptive growth. And that's more of the 2020 time of outlook.

Operator
This concludes our question and answer session.

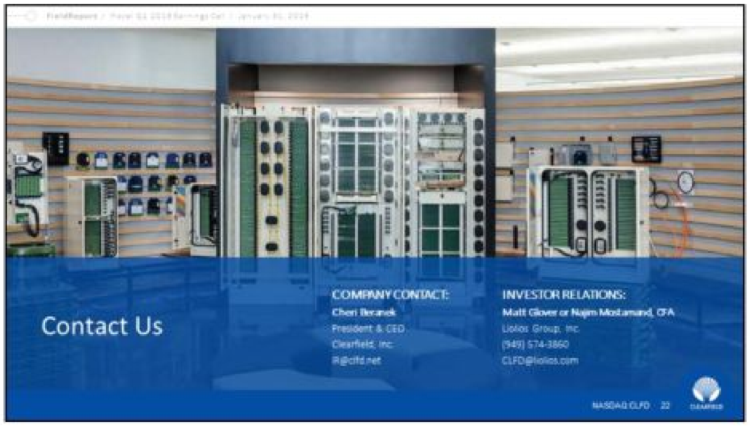
If your question was not taken, you may contact Clearfield's investor relations team at CLFD@liolios.com. The Company will post the most relevant questions and answers in the 'For Investors' section of Clearfield's website.

I'd now like to turn the call back to CEO, Cheri Beranek, for her closing comments.



Thank you again for joining us today. I want to thank our shareholders, who have supported the Company's evolution into this next phase of growth, and I'd also like to thank our suppliers, our sales partners and our employees who continue to play a pivotal role in our 'Coming of Age' opportunities.

We look forward to updating you again on our progress soon.



Thank you for joining us today for Clearfield's fiscal first quarter 2019 earnings conference call. You may now disconnect.