

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 (date of earliest event reported): February 6, 2015

**Communications Systems, Inc.**  
(Exact name of Registrant as Specified in its Charter)

**Minnesota**  
(State Or Other Jurisdiction Of Incorporation)

**001-31588**  
\_\_\_\_\_  
(Commission File  
Number)

**41-0957999**  
\_\_\_\_\_  
(I.R.S. Employer  
Identification No.)

**10900 Red Circle Drive**  
\_\_\_\_\_  
Minnetonka, MN  
(Address Of Principal Executive Offices)

**55343**  
\_\_\_\_\_  
(Zip Code)

**(952) 996-1674**  
\_\_\_\_\_  
Registrant's Telephone Number, Including Area Code

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 *see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act
-

**Item 2.02. Results of Operations and Financial Condition**

As reported in Item 7.01, attached as Exhibit 99.1 to this Current Report is a presentation that Communications Systems, Inc. (the “Company”) intends to use for future investor meetings, public relations and other corporate purposes.

This Investor Presentation includes limited information about (i) the Company’s Transition Networks subsidiary’s 2014 reduction of inventory, (ii) the Company’s JDL Technologies subsidiary’s 2010-2014 revenue and operating income, and (iii) other high-level Company trends. The Investor Presentation does not contain any detailed information about 2014 results of operations or financial condition.

**Item 7.01 Regulation FD Disclosure**

Attached as Exhibit 99.1 to this Current Report is a presentation that the Company intends to use for future investor meetings, public relations and other corporate purposes.

The information contained in this Current Report on Form 8-K, including Exhibit 99.1, is being “furnished” and is not deemed “filed” for the purposes of, or otherwise subject to liabilities under, Section 18 of the Securities Exchange Act of 1934, as amended, and will not be deemed to be incorporated by reference into any future filings under it is expressly incorporated by reference into those filings.

**Item 9.01. Financial Statements and Exhibits**

The following Exhibit is attached:

Exhibit 99.1	Communications Systems, Inc. Investor Presentation
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**SIGNATURE**

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, thereunto duly authorized.

COMMUNICATIONS SYSTEMS, INC.

By: /s/ Edwin C. Freeman  
Chief Financial Officer

Date: February 6, 2015

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**CSI**

**Communications Systems, Inc.**

*Infrastructure and Services  
for Global Communications*

NASDAQ: JCS  
February 2015

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## Safe Harbor

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This presentation includes certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding future financial performance, future growth and future acquisitions. These statements are based on Communications Systems' current expectations or beliefs and are subject to uncertainty and changes in circumstances. Actual results may vary materially from those expressed or implied by the statements herein due to changes in economic, business, competitive or regulatory factors, and other risks and uncertainties affecting the operation of Communications Systems' business. These risks, uncertainties and contingencies are indicated from time to time in the Company's filings with the Securities and Exchange Commission. The information set forth herein should be read in light of such risks. Further, investors should keep in mind that the Company's financial results in any particular period may not be indicative of future results. Communications Systems is under no obligation to, and expressly disclaims any obligation to, update or alter its forward-looking statements, whether as a result of new information, future events, changes in assumptions or otherwise.

## Business Overview

A business in transformation

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- » The Facts
  - » Established business c. 1969
  - » NASDAQ since 1981
  - » Credible brands
  - » Product portfolio focused on Network Equipment and Services
  - » Solid balance sheet, no goodwill and attractive dividend
  
- » The Situation
  - » Recent difficult operating performance
  - » Thinly traded < 10,000 shares per day
  
- » The Resolution
  - » Breakthrough products in growth markets
  - » Taking advantage of substantial operating improvement opportunities

Investment thesis, significant potential for breakout value change

## Business Overview

CSI consists of three technology-driven businesses



### » Suttle

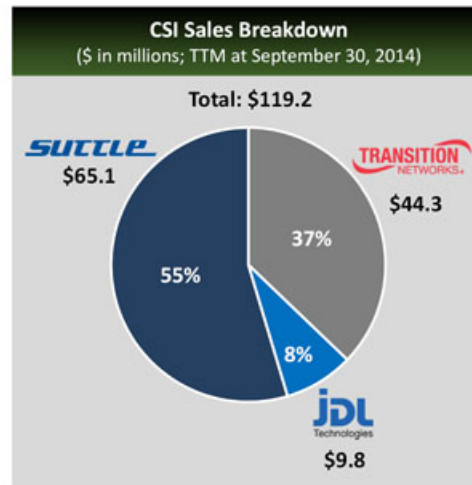
- Innovative solutions for gigabit broadband deployments
- Blue-chip telecom client base
- Rising revenues and increasing margins
- Benefitting from increased broadband demand

### » Transition Networks

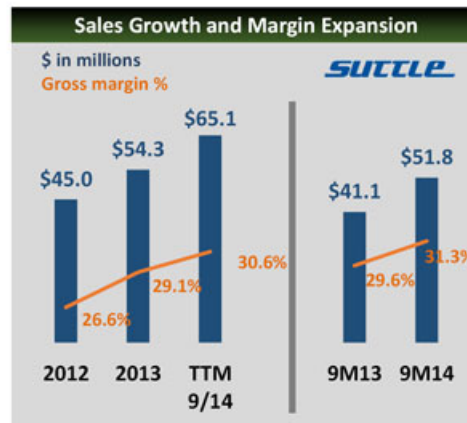
- Industry Leader in Mixed Media solutions
- Stabilizing global revenues
- Solid product GM's >43%
- Investing in R&D for future growth, ~11% of Sales

### » JDL Technologies

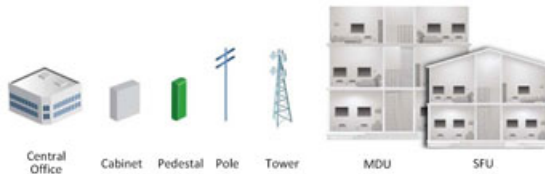
- Wide range of IT services and network support
- Strong presence in South Florida
- Historically lumpy revenues
- Pursuing new verticals to grow business and reduce period-to-period revenue volatility



- » **Solutions for fiber and copper networks meet high-speed demands for application diversity**
  - Brownfield and greenfield
  - SFU, MDU and MTU
- » **Key brands recently launched - FutureLink™ and MediaMAX™**
  - High-speed connectivity on any medium (fiber, copper, power line, wireless)
    - OSP and premise applications
    - Optimized wireless connectivity
  - Incorporate best available technology, leverage existing infrastructure, and future-proof the network



### Solutions from the Central Office to the Premises



### Quality Management



Strategic innovation partner to blue-chip client base

Customer Engagement Model



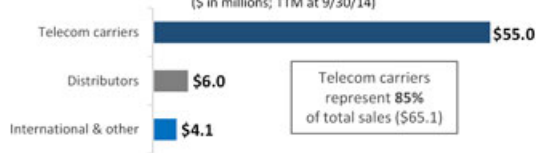
Blue-Chip Client Base



Deployment of Broadband Networks

- » Strong end-user demand for **higher speeds** and **greater device connectivity** has been driving clients' **copper and fiber network expansion** programs.

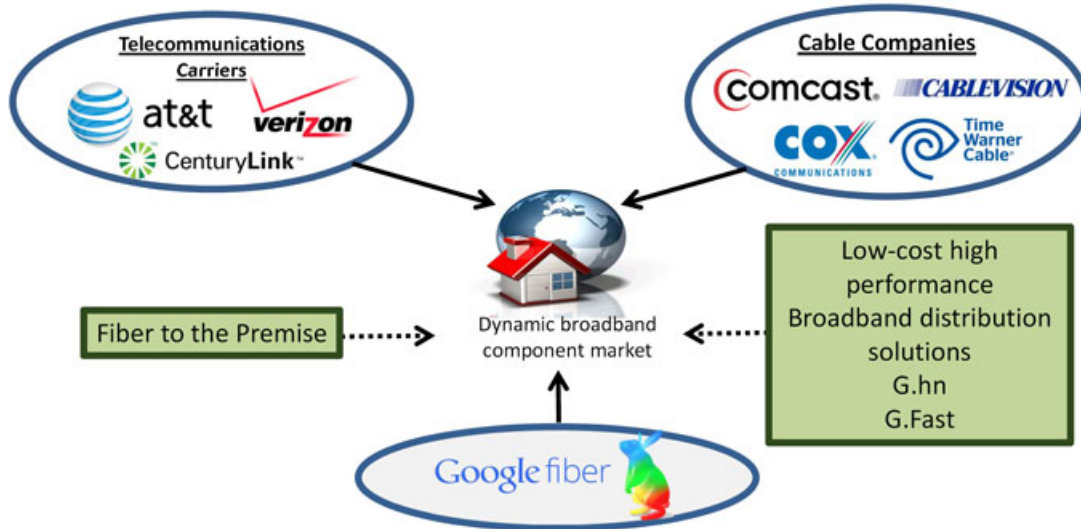
Suttle Sales by Customer Group  
(\$ in millions; TTM at 9/30/14)





# Suttle

Increasing demand for flexible low cost solutions



Google Fiber has substantially increased competitors' need to deliver higher speeds to premises

**Legacy Premise Product Platforms**

- Structured Cabling Systems
- Voice Connectivity
- DSL Filtering



**2014 New Product Releases**

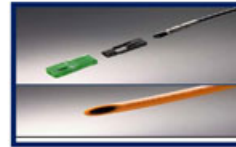
- Fiber Terminals
  - Building Entrance Terminals
  - Premise Distribution-Tool-less High Speed Copper Connectivity
  - HPNA/G.hn Endpoints
- New Products > 30%*



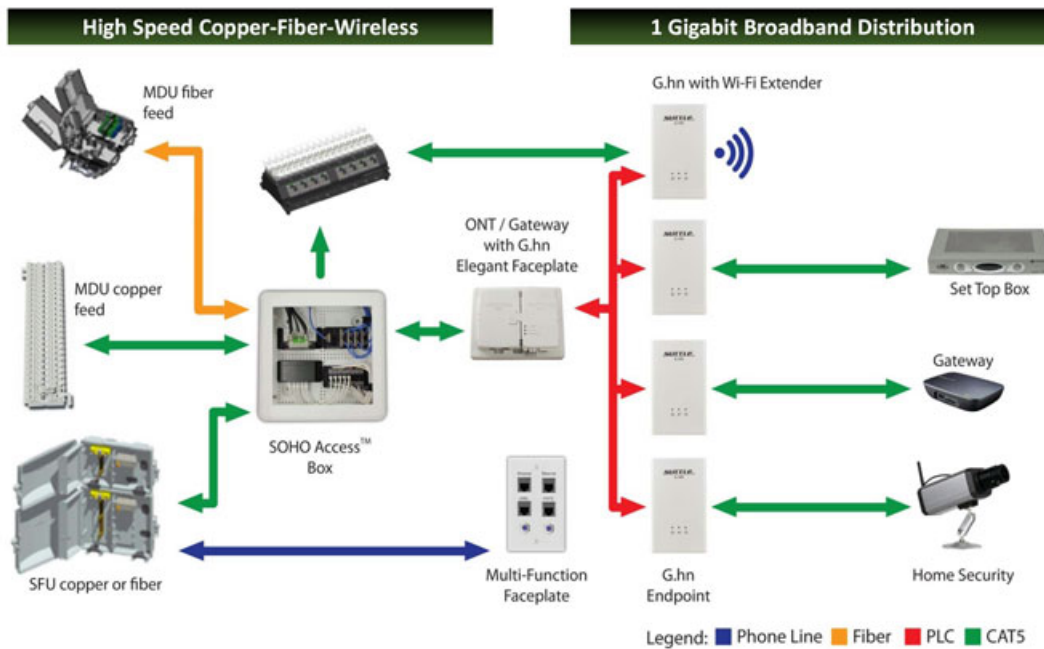
**2015 Launch Programs**

- Burial/Aerial Terminals
- Fiber Panels/Frames
- Fiber Termination
- Pushable-Pullable Fiber
- G.hn Wireless Endpoints
- G.Fast Gateways

*Target New Products > 25%*



A powerful transformation of the product portfolio in line with market needs



**FutureLink™ SOHO Access™ SpeedStar™ CorroShield™ MediaMax™**

# Transition Networks

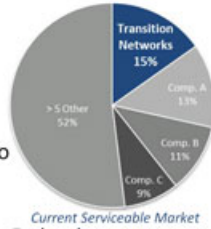


Participating in the Enterprise evolution to Fiber, Ethernet connectivity

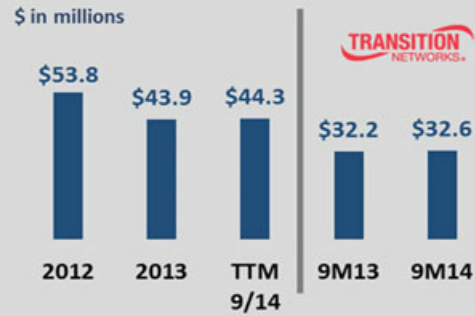
## Solutions for Enterprise networks evolution

» **Industry leader in mixed media connectivity solutions**

- Physical layer & protocol conversion; e.g., Copper to Fiber, USB to Ethernet, POE
- Diversified customer base; Federal, Enterprise, Service Provider, Industrial
- Established Tier 1 channels



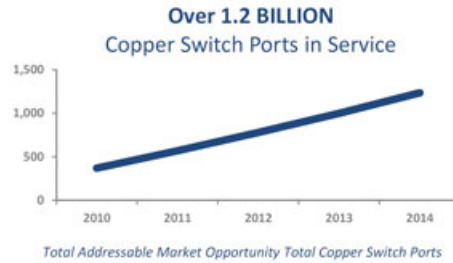
## Stabilizing Revenues



## Large addressable market, attractive growth

» **Growth opportunity for core business is embedded copper Ethernet base**

- Copper continues to be medium of choice within the Enterprise
- Distance, bandwidth, security, stressing embedded copper capabilities
- Transition Networks to capture with core conversion technologies



# Transition Networks



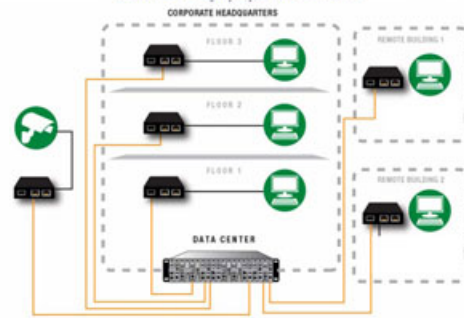
Reposition core products to expand market opportunity

## Relaunch existing ION conversion platform

- » **Take share, expand total addressable market**
  - Re-focus efforts around core business
  - Expand thought leadership in conversion technologies
- » **Better, faster, cheaper**
  - Operational focus on cost, delivery, service
  - Innovations to make network migrations cost effective, seamless

## ION Platform

Complete Mixed Media Delivery



## Introduce innovations based around core ION technologies



### Fiber-to-the-Desk

- Fiber extension cord
- Legacy data center, desk evolution



### 2.5/5 Gbps Networks

- >2x bandwidth over embedded Cat 5e/6 cable infrastructure
- Enable WiFi AP's, Small Cells



### Smart Connectivity

- Wireless near field, Personal Area Network (PAN) mgmt. & control
- Inventory, report, work flow



### Smart SFP

- Embedded Carrier Ethernet
- VDSL, G.FAST, for Enterprise & Utility applications

# Transition Networks

Enter carrier market with TDM/ISDN over IP innovations



## Solutions for the evolving network

» **Breakthrough solution to reduce Service Providers costs in maintaining legacy infrastructure**

- **Liberator™ platform:** TDM, ISDN, Serial over Fiber, IP network with Carrier Ethernet (CE) 2.0 assurance
- Single SKU to accommodate TDM, Serial, ISDN & CE2.0
- No change to end users' TDM/ISDN equipment
- Integrated CE 2.0 visibility and control

» **Liberator™ enables Service Providers to**

- Preserve revenue & reduce OPEX thus increasing margin
- Sell today's Ethernet services from same platform (no truck roll required)
- Retire infrastructure, maintain the revenue, keep the customers & improve profitability
- Consolidate onto common, familiar, IP network with zero impact on customers

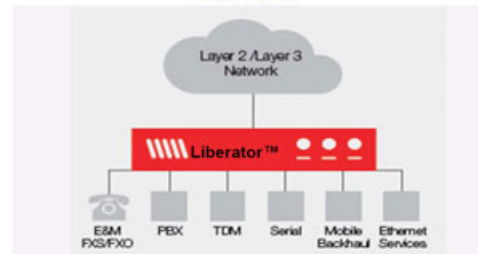
## Large addressable, valuable embedded base

» **Significant embedded legacy infrastructure**

**~75 MILLION LINES**  
TDM, ISDN, Serial

» **Addressable global market for Liberator™**

**>\$100 MILLION**  
Growing @ 15% per annum



**Flexible, comprehensive solution for large emerging market opportunity**

# Transition Networks

Substantial operating improvement opportunities



## Research & Development

- » **Building Functional Excellence**
  - Introduced
    - Lean Agile Design
    - Design to Cost
    - Design for Manufacturing
- » **2014 Results**
  - Introduced S3290 Carrier Ethernet NID
    - 60% Reduction in Time to Market
    - 13% Under Cost Target
  - 13 New Product Releases (4 IP Filings)
- » **2015 Targets**
  - > 20 New Product Releases
  - 7 IP Filings



## Supply Chain

- » **Introduced Lean and Six Sigma**
  - **2014 Results**
    - 15 projects – 10 complete
    - Target savings > \$800K
    - Improved: Quality, Customer Satisfaction
    - Portfolio Rationalization
      - 33% SKU reduction
    - Inventory Reduction
      - Reduced \$1.1M
  - **2015 Targets**
    - Continued Lean Sigma Training
    - Inventory
      - Increase Turns from ~ 2 to 3



» **Broad portfolio of technology solutions**

- Managed IT services, a large growing market
- Cloud and virtualization services

» **Historically focused on South Florida**

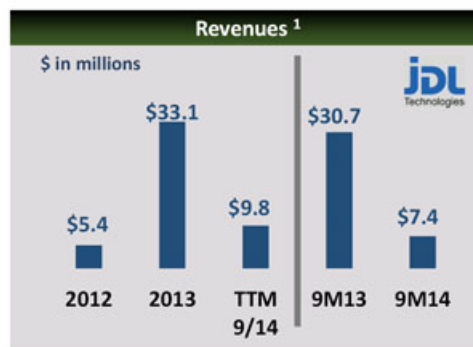
**region public education market**

- Volatility in federal and local IT funding has led to inconsistent JDL revenue streams<sup>1</sup>

» **JDL makes money in years of E-rate funding**

- 2010-2014 Sales ~\$ 72MM  
Operating Income ~\$10MM

» **E Rate 2015 funds approved for late 2015**

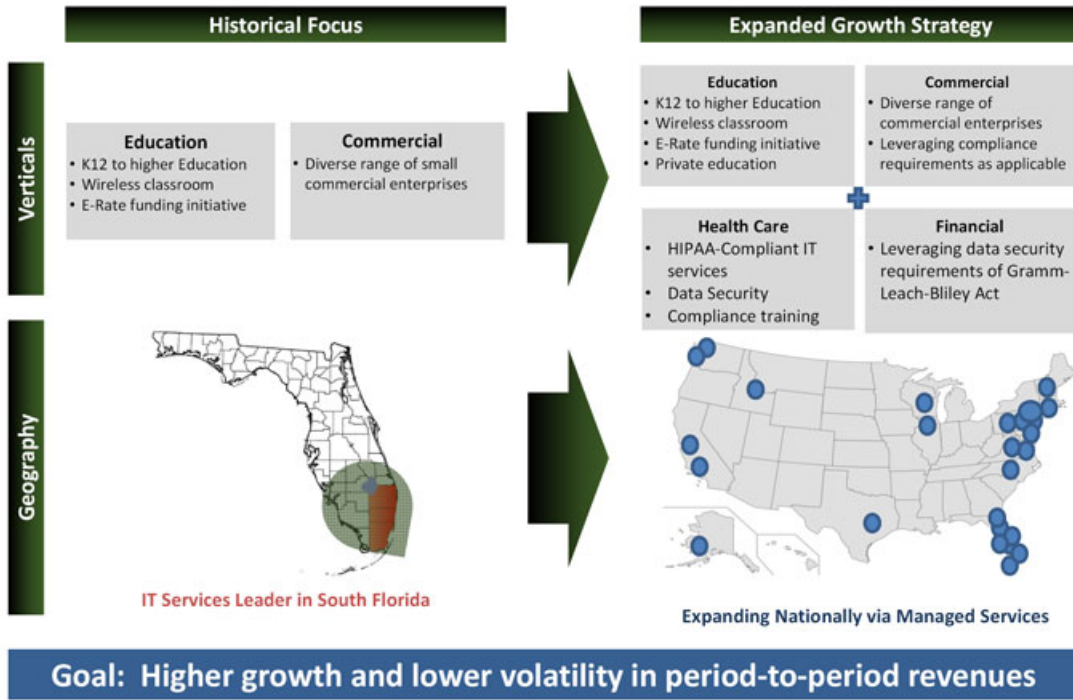


**Strategic Direction**

- » Target new verticals – Health Care
- » Expand geographic footprint
- » Broaden portfolio of IT solutions
- » Build a Monthly Recurring Revenue model (Annuity model)

<sup>1</sup>JDL revenues reflect the conclusion of a large K12 project in 1Q'14





» **Fast growing market opportunity**

- Health care has 1/3 of data breaches
- Violations can carry >\$1MM penalties
- EMR becoming standard

» **Florida health care profile**

- Companies with 20-200 users: 4,000
- IT spending per company: \$300K

***JDL Market Opportunity >\$200MM with 15% CAGR***

» **Early market success**

- First to market HIPPA-compliant IT services in Florida
- Significant GM % showing continuous quarterly growth

» **Value proposition**

- Medical practices managing in increasingly complex IT environment
- Providing HIPPA-compliant solutions is essential



**Strongly positioned for market success**

- » Company cost structure realigned, Office of the Chairman
- » New management structure in place. >20 Key Industry appointments
- » Obsolete inventory adjustment, >\$3MM 2013/14
- » Substantial Lean Operations gains, >\$1Million in 2015
- » Reinvested in R&D ( >7% ) IP Portfolio developing
- » All businesses have solid sales plans, >10%CAGR
- » Significant Tax reduction opportunities exist >400bps
- » Portfolio options being assessed



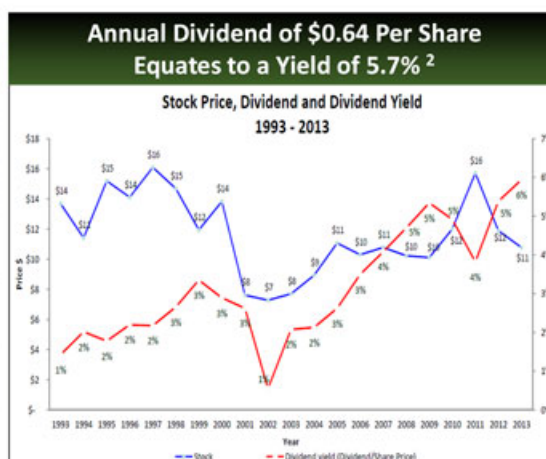
Investment thesis, significant potential for breakout value change

## Strong Financial Profile

Solid balance sheet and attractive dividend yield



Balance Sheet Summary (\$ in millions, except share figure)	9/30/2014
Cash, equivalents, investments	\$32.0
Total assets	\$102.6
Total long-term debt	\$0.8
Working capital	\$60.7
Stockholders' equity	\$88.1
Cash per share <sup>1</sup>	\$3.70



**49 Consecutive Quarters of Dividend Payments**

<sup>1</sup> based on 8,653,382 CSI shares outstanding as of 11/1/2014  
<sup>2</sup> based on CSI's third quarter ending share price of \$11.16 on 9/30/14

## Appendix

## Financial Results Overview



<b>CSI Consolidated</b> (\$ MMs, except share figures)	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>9M'13</b>	<b>9M'14</b>
Total Revenues	\$143.8	\$104.2	\$131.3	\$104.0	\$91.8
Gross Profit	58.9	41.5	44.9	34.9	33.1
Operating Income	17.5	3.4	1.2	1.2	4.8
Net Income (loss)	\$9.8	\$2.2	\$(1.0)	\$(0.2)	\$3.0
Diluted Shares	8,495,873	8,518,613	8,531,073	8,531,017	8,631,985
Earnings (Loss) Per Share	\$1.15	\$0.26	\$(0.11)	\$(0.02)	\$0.35
Cash Dividends Per Share	\$0.60	\$0.64	\$0.64	\$0.48	\$0.48

## Summary of Segment Results (rounded 000s)

<b>SUTLE</b>	<u>Three Months</u>		<u>Nine Months</u>			
	<u>Ended September 30</u>		<u>Ended September 30</u>			
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2013</u>	<u>2012</u>
Sales	\$ 19,938,000	\$ 14,838,000	\$ 51,827,000	\$ 41,103,000	\$ 54,346,000	\$ 45,030,000
Gross profit	6,467,000	4,977,000	16,233,000	12,155,000	15,812,000	11,974,000
Operating income	2,824,000	1,688,000	6,093,000	3,510,000	5,457,000	2,603,000

<b>TRANSITION NETWORKS</b>	<u>Three Months</u>		<u>Nine Months</u>			
	<u>Ended September 30</u>		<u>Ended September 30</u>			
	<u>2014</u>	<u>2013<sup>1</sup></u>	<u>2014</u>	<u>2013<sup>1</sup></u>	<u>2013<sup>1</sup></u>	<u>2012</u>
Sales	\$ 11,272,000	\$ 10,882,000	\$ 32,589,000	\$ 32,156,000	\$ 43,857,000	\$ 53,843,000
Gross profit	4,989,000	5,165,000	15,081,000	16,561,000	22,419,000	27,995,000
Operating loss	(43,000)	(5,850,000)	(977,000)	(6,071,000)	(3,711,000)	5,888,000

<b>JDL Technologies</b>	<u>Three Months</u>		<u>Nine Months</u>			
	<u>Ended September 30</u>		<u>Ended September 30</u>			
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2013</u>	<u>2012</u>
Sales	\$ 2,224,000	\$ 18,897,000	\$ 7,426,000	\$ 30,747,000	\$ 33,116,000	\$ 5,377,000
Gross profit	556,000	3,481,000	1,781,000	6,212,000	6,668,000	1,529,000
Operating (loss) income	(123,000)	2,467,000	(304,000)	3,803,000	4,039,000	(655,000)

<sup>1</sup> Includes goodwill impairment charge of \$5,849,853