

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): **May 22, 2019**

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
Minneapolis, 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:

- 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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, par value \$0.05	JCS	NASDAQ Global Market

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

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.

ITEM 7.01 Regulation FD Disclosure.

On May 22, 2019, the presentation attached as Exhibit 99.1 hereto will be presented at Communications Systems, Inc.'s annual meeting of shareholders. The full text of the presentation is attached hereto as Exhibit 99.1.

ITEM 9.01 Financial Statements and Exhibits.

(d) Exhibits:

99.1 [Annual Meeting of Shareholders Slide Presentation, May 22, 2019.](#)

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/ Roger H.D. Lacey
Roger H.D. Lacey
Chief Executive Officer

Date: May 22, 2019



CSI

Communications Systems, Inc.

(NASDAQ: JCS)



**The new CSI..... evolving into an IoT & Edge Management
product and services company**

Meeting Agenda

- 1. Opening Remarks**

- 2. Open Business Meeting**

- 3. Vote on Matters Presented in Proxy**

- 4. Adjourn Business Meeting**

- 5. Company Update**

- 6. Shareholder Questions**

- 7. Adjourn Meeting**

Vote on Matters Presented in Proxy

Proposal No. 1

Election of Directors

Proposal No. 2

Ratifying and approving appointment of Baker Tilly Virchow Krause, LLP as the Company's independent registered public accounting firm for the year ending December 31, 2019

Proposal No. 3

Approval of a 100,000 share increase in the Communications Systems, Inc. Employee Stock Purchase Plan

Other Business



Meeting Adjourned



Communications Systems, Inc.

Business Update Agenda

Investor Presentation

May 2019



- Annual Financial Update Mark Fandrich CFO

-Business Updates Roger Lacey CEO

Forward Looking Statement

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 here 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 presented in the Company's Annual Report on Form 10-K and, from time to time, in the Company's other 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.



Financial Highlights

Starting the Positive Turn

For Full Year 2017

\$82.3 M

Revenue

\$20.8 M

Gross Profit

25.3%

Gross Margin

(\$7.9 M)

Operating Loss before Goodwill Impairment and Restructuring

(\$11.8 M)

Net Loss

For Full Year 2018

\$65.8 M

Revenue

\$21.3 M

Gross Profit

32.4%

Gross Margin

(\$6.2 M)

Operating Loss before Restructuring

(\$6.8 M)

Net Loss

For Q4 2018

\$18.7 M

Revenue

\$6.9 M

Gross Profit

37.0%

Gross Margin

\$0.1 M

Operating Loss before Restructuring

(\$0.7 M)

Net Loss



Financial Highlights

Non-GAAP Financial Measures

Reconciliation of Operating Income (Loss) to Operating Income (Loss) before Restructuring Expense
For Full Year 2017 *For Full Year 2018* *For Q4 2018*




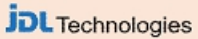

<i>For Full Year 2017</i>	<i>For Full Year 2018</i>	<i>For Q4 2018</i>
\$82.3 M Revenue	\$65.8 M Revenue	\$18.7 M Revenue
\$20.8 M Gross Profit	\$21.3 M Gross Profit	\$6.9 M Gross Profit
(\$11.8 M) Operating Loss	(\$6.6 M) Operating Loss	(\$0.3 M) Operating Loss
\$2.3 M restructuring	\$0.4 M restructuring	\$0.4 M restructuring
\$1.6 M impairment	-	-
(\$7.9 M) Operating Loss before Goodwill Impairment and Restructuring	(\$6.2 M) Operating Loss before Restructuring	\$0.1 Operating Income before Restructuring



Financial Highlights

Operating Income (Loss)

(before Goodwill Impairment and Restructuring)

	For Full Year 2017	For Full Year 2018	For Q4 2018
 CSI	(\$7.9 M) CSI Consolidated	(\$6.2 M) CSI Consolidated	\$0.1 M) CSI Consolidated
 TRANSITION NETWORKS	\$1.4 M	\$1.9 M	\$1.1 M
 SUTTLE	(\$7.5 M)	(\$4.7 M)	(\$1.0 M)
 JDL Technologies	\$0.7 M	(\$0.6 M)	\$0.6 M
 NET2EDGE	(\$2.4 M)	(\$2.8 M)	(\$0.6 M)

Financial Highlights

Balance Sheet

As of 12-31-2017

\$18.0 M

Cash & Cash Equivalents & Investments

\$36.5 M

Working Capital

\$0

Debt

\$49.2 M

Shareholders' Equity

As of 12-31-2018

\$11.1 M

Cash & Cash Equivalents

\$30.7 M

Working Capital

\$0

Debt

\$41.7 M

Shareholders' Equity

Financial Highlights

Returning to operating profitability
as reorganization is gaining traction

For Q1 2018



For Q1 2019



Financial Highlights

Operating Income (Loss)



For Q1 2018

(\$2.0 M)

CSI Consolidated

For Q1 2019

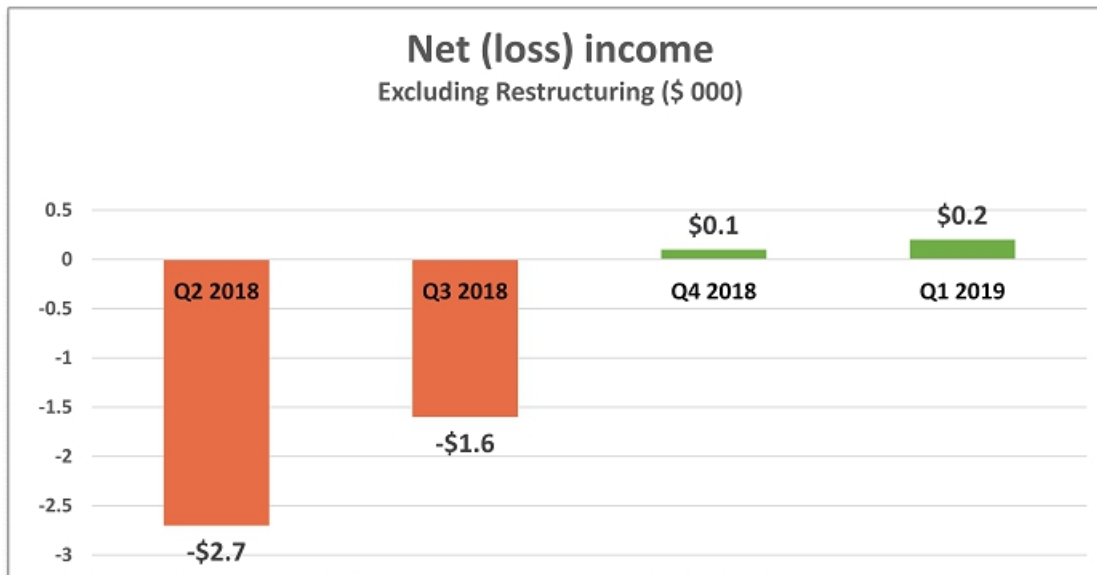
\$0.2 M

CSI Consolidated

	For Q1 2018	For Q1 2019
TRANSITION NETWORKS	\$0.5 M	\$0.1 M
SUTCLE	(\$0.6 M)	\$0.7 M
jdl Technologies	(\$0.4 M)	\$0.5 M
NET2EDGE	(\$0.8 M)	(\$0.5 M)
Other Corporate Costs	(\$0.6 M)	(\$0.6 M)



Operating Income Trend



Financial Highlights

Balance Sheet Continues to be Strong

As of 12-31-2018

\$11.1 M

Cash & Cash Equivalents

\$30.7 M

Working Capital

\$0

Debt

\$41.7 M

Shareholders' Equity

As of 03-31-2018

\$9.5 M

Cash & Cash Equivalents

\$31.2 M

Working Capital

\$0

Debt

\$42.1 M

Shareholders' Equity

Other

+\$5M

FutureLink
(sold in April 2019)

+\$10M

Headquarters
(possible sale)



Dividend History

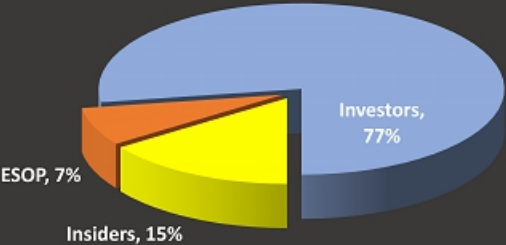
16+ Years

of dividend history

\$18.8 M

distributed in the last 5 years

9.1M Shares Outstanding
(12-31-2018)



\$0.16

per share paid in FY 2018

\$1.5 M

Total paid in FY 2018

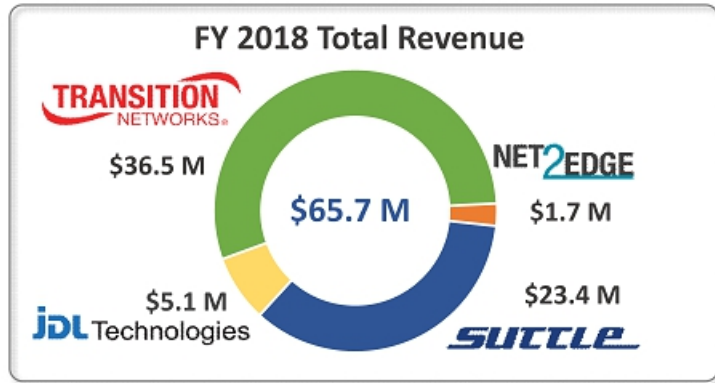
About Communications Systems (CSI)

History

- Founded in 1969 as a regional telecommunications company
- Headquartered in MN
- Nasdaq: JCS ... public company since 1981

50+
COUNTRIES

5000+
CLIENTS



Roger H. D. Lacey
CEO & Executive Chairman

“We have recognized the absolute need to **move away from rapidly declining commodity businesses**, and are **shifting CSI’s corporate focus towards solutions for IoT and network edge management**.”

We believe that **2019 will mark an inflection point** in our ongoing corporate transformation highlighted by a **return to operating profitability**.”

Efforts supported by...

\$9.5 M
Cash & Cash Equivalents

\$31.2 M
Working Capital

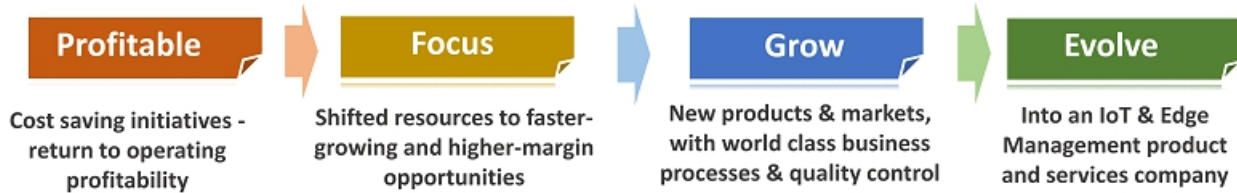
\$0
Debt

\$42.1 M
Shareholders' Equity

Data as of 3/31/2019

The New CSI – Investment Highlights





2019 Transformational Year



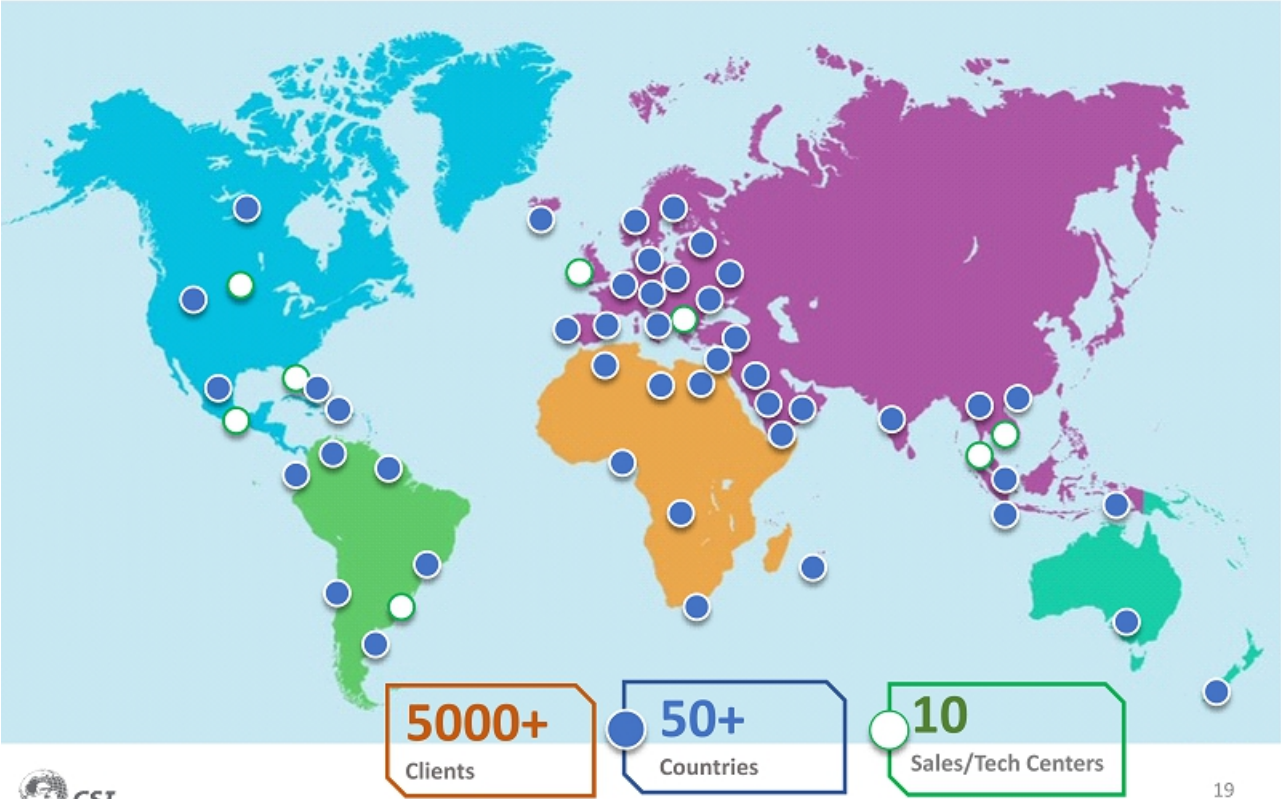
Pillars of re-organization strategy	Steps completed	In progress / Ongoing
I. Redeploy resources on faster-growing and higher-margin businesses	<ul style="list-style-type: none"> • Suttle rightsized & FutureLink™ sold • Electronics & SW R&D expanded • Corporate cost reduction programs \$0.75 M ↓ from Lean Six Sigma projects • Increased impact of IFS ERP system 	<ul style="list-style-type: none"> • International expansion • Possible sale of corporate headquarters • Improvements in SG&A / R&D productivity
II. Establish world-class business processes	<ul style="list-style-type: none"> • New Chair and Board Member 	<ul style="list-style-type: none"> • Working capital turns • Aggressive legacy SKU reductions
III. Build a leadership team for the future	<ul style="list-style-type: none"> • Simplified organization with Group Presidents appointments and leadership turnover 	<ul style="list-style-type: none"> • New CEO appointment • Complete Board restructuring



CSI Capabilities

		Electronics & Software		Services	Components
					
Markets	Network	✓	✓		✓
	Enterprise	✓	✓	✓	
	Residential		✓		✓
Process Capabilities	Molding				✓
	Metal forming				✓
	Electronic Design	✓	✓		
	Application Software	✓	✓		
Application Capabilities	Media Conversion	✓	✓		✓
	Switching	✓	✓		
	Connecting				✓
	Terminating				✓
	Monitoring	✓	✓	✓	
	Data Management	✓		✓	
	Security	✓	✓	✓	✓

Geographic Footprint



World Class Customer Base

North America

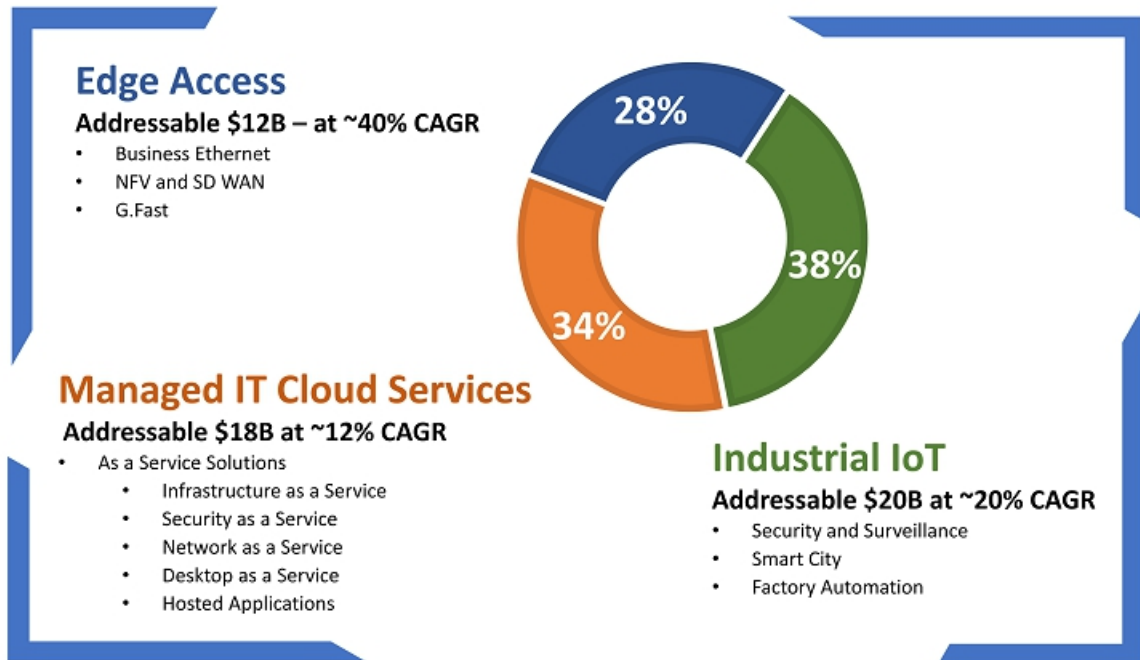


International



New Focus on Faster Growing Addressable Markets

Addressable markets > \$50B at ~20% CAGR



Edge Access

Addressable \$12B – at ~40% CAGR

- Business Ethernet
- NFV and SD WAN
- G.Fast

Managed IT Cloud Services

Addressable \$18B at ~12% CAGR

- As a Service Solutions
 - Infrastructure as a Service
 - Security as a Service
 - Network as a Service
 - Desktop as a Service
 - Hosted Applications

Industrial IoT

Addressable \$20B at ~20% CAGR

- Security and Surveillance
- Smart City
- Factory Automation

STRONG FOUNDATION IN NETWORK CONVERTERS

- Brand equity with blue chip customer list
- Market reputation
- Superior customer experience

USER FRIENDLY TECHNOLOGIES & PARTNERSHIPS

- Power-over-Ethernet (PoE)++; new applications emerging
- APIs to integrate into ecosystem
- Bluetooth Low Energy and Near Field Communications
- Network Management Software to ease deployment
- Elevate brand with global integration partners

ADDRESSABLE MARKETS AND VERTICALS



Smart city

- Street corner traffic camera upgrades
- Traffic monitoring
- Track side applications



Commercial security

- Financial institutions
- Government agencies
- Universities

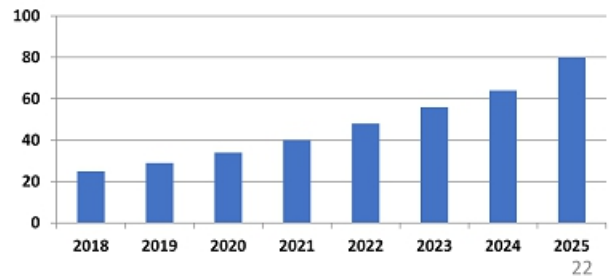


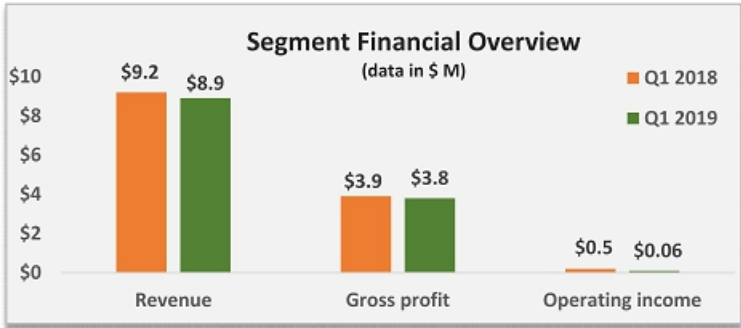
PoE powered building automation

- Commercial LED Lighting
- Security upgrades
- HVAC telemetry



TN Addressable Markets – in \$ Billion





- ### FY 2019 Expectations
- Higher revenue due to strong pipeline from federal & commercial clients
 - Higher-margin product mix to improve profitability
 - International growth restart

Intelligently Transforming Networks

Smart Products. Smart People. Smart Partnerships.

The infographic illustrates a smart city ecosystem with various services connected to a central network. The services include:

- Access Control
- Emergency Call-box
- Fiber-to-the-Desk
- Business Ethernet
- Enterprise Connectivity
- Intelligent Transportation Systems
- Intelligent Buildings
- Security & Surveillance
- Digital Signage

CSi

Net2Edge addresses the challenges presented by the rapid growth of devices connected at the network edge

NET2EDGE	
Clients:	Leading carriers and major global enterprises
Solutions:	Network edge devices. Legacy protocol over IP. OTDR.
Focus:	Underserved niche markets ~\$50 million
Technologies:	Carrier Ethernet, LTE, Gfast, ISDN, TDM over IP
R&D:	High caliber UK based team

The Network Edge is a rapidly growing market, due to demands of IoT and 5G

Edge Networks Sensor & Actuators

Real-Time Actions
Such as operations and in-band analytics

Cloud

Big Data / Long-Term Learning

IT capability moving to the Network Edge

New waves of device data moving to the data centers and the cloud



FY 2019 Expectations

- 1st Qtr growth accelerating in the 2nd half
- Widen market access with new uCPE products
- Improving profitability thru scale

Current Portfolio - Wide Range of Solutions for the Network Edge

Aggregation Devices



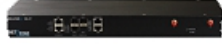
10 Gig Aggregation Switch

Gfast Solution




Gfast. Multi-Dwelling Solution


CPE Devices



1Gig Carrier Ethernet with LTE



Low Cost 1G Carrier Ethernet



Fully featured 1G Carrier Ethernet

Legacy Protocol Solutions



Packetband & Liberator S



Legacy over Carrier Ethernet



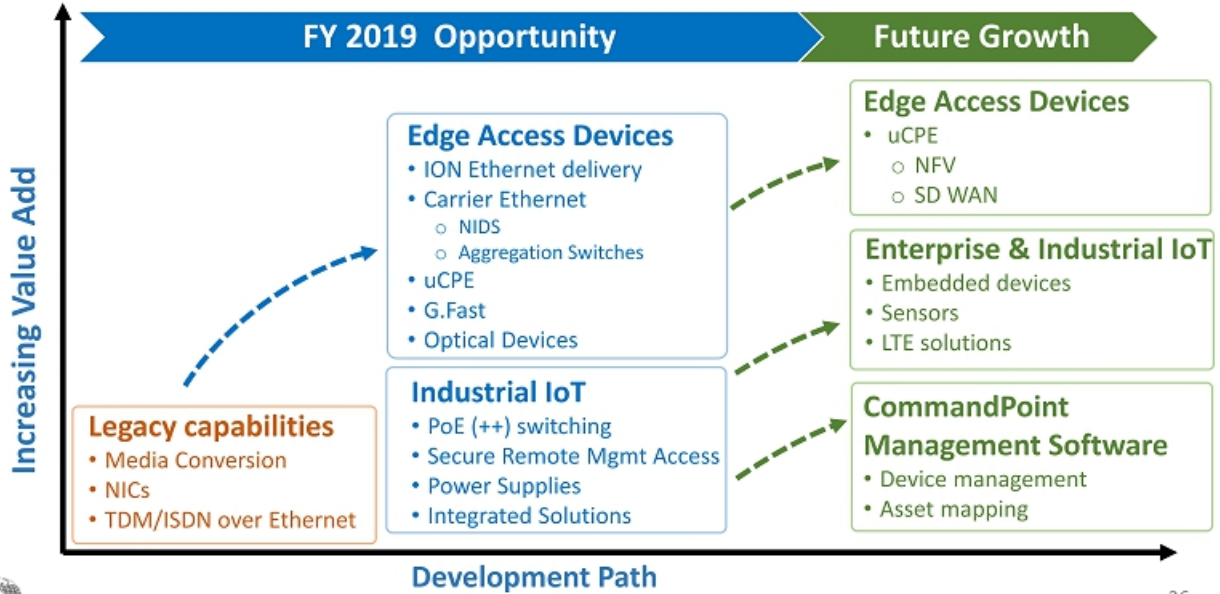
Driving Synergies : **TRANSITION NETWORKS** + **NET2EDGE**

JOINING FORCES:

Combined sales force addresses global markets across multiple sectors. R&D collaboration improves time to market and increases productivity. Increased purchasing power in supply chain.

ADDRESSING FAST GROWING MARKETS:

Edge Access Solutions, SD WAN, IoT, smart buildings, LED lighting, sensors, intelligent transport, security and surveillance



Comprehensive Managed IT Services

Managed Datacenter

- Storage, Hosting, Colocation

Managed Security

- Threat/Vulnerability Management, Compliance

Managed Infrastructure

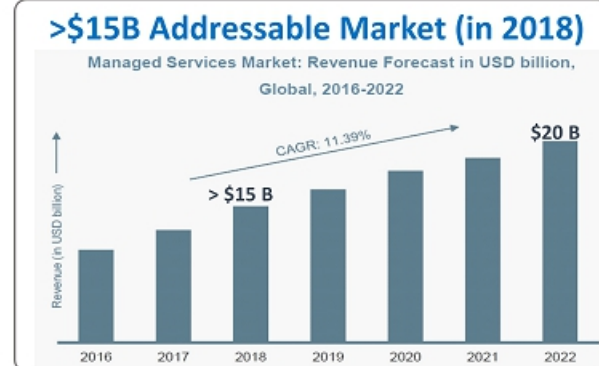
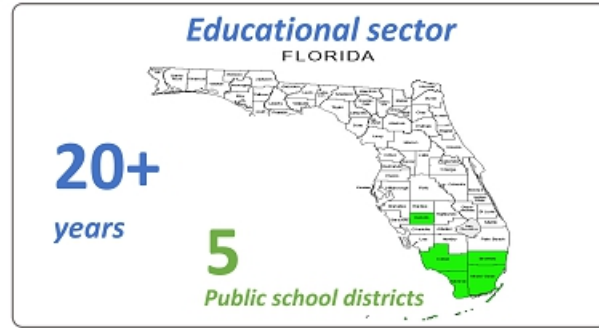
- Desktop & Print, Servers

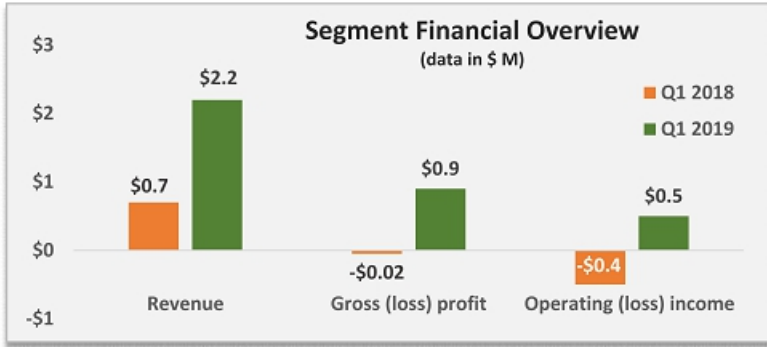
Managed Communications

- VoIP, Email, Messaging

Managed Networks

- Architecture, IP/VPN, Wireless





- FY 2019 Expectations**
- Revenue growth to continue
 - Quarterly performance may vary due to timing of contracts
 - Larger opportunities with higher margins
 - Cost savings of ~100K/year due to office relocation



Substantial room for growth

Addressable Florida Education Market

	Districts	Schools	Students
Public Schools	76	4,269	2,962,162
Private Schools	65	2,540	345,796
Charter Schools	46	654	283,755

Expanding into New Segments

Health Care, Financial, Industrial





FY 2019 Expectations

- Revenue and operating margin decline due to sale of FutureLink products in April 2019

The Challenge

1) Cost Savings Plan

2) Restructuring Plan

<ul style="list-style-type: none"> • Tier 1 Service Operators focused on services and content • Network engineering driven by cost • Limited value of / or demand for legacy high spec plastic parts 	<ul style="list-style-type: none"> • Reduced operating cost • Optimized factory operations • Identified non Telco OEM opportunities • Employed LSS trained and flex workforce • Despite aggressive cost reductions overcapacity remains a challenge 	<ul style="list-style-type: none"> • Sold FutureLink™ suite of fiber solutions for \$5M • FutureLink™ products no longer strategically significant to CSI's business model • MediaMAX™ product line remains part of portfolio • Evaluating several additional proposals
---	--	---

Business Units:

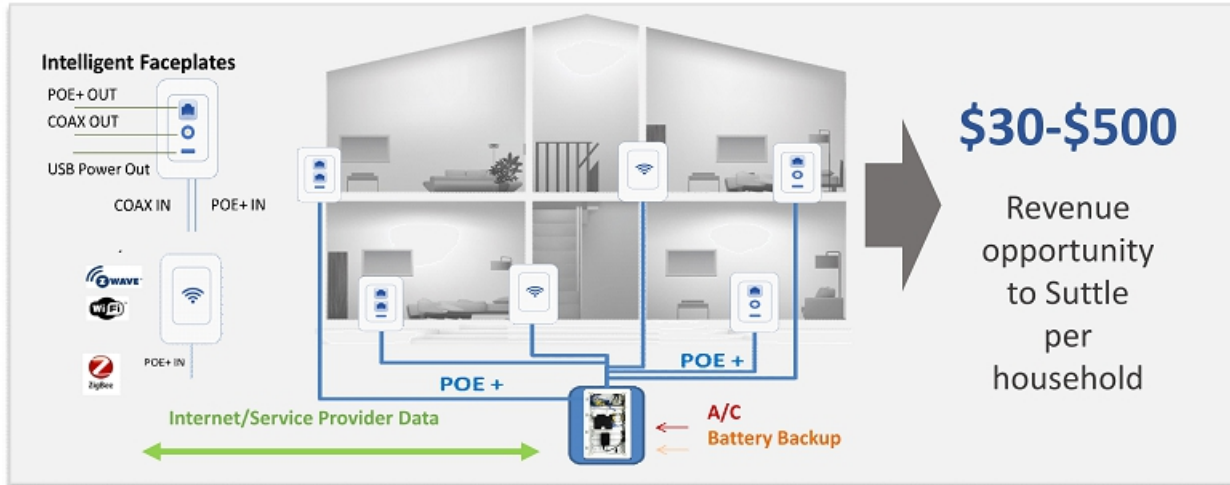
SUTCLE

Smart Home Technology

Key applications

- Video, Security, Health care, Home management

Increased demand for secure bandwidth
Leading builders offer network packages



Management Team



Roger H. D Lacey

Chief Executive Officer
Executive Chairman

- SVP of Strategy and Corporate Development for 3M Corporation
- Partner CGMR Capital



Curtis A. Sampson

Founder
Chairman Emeritus

- CEO of Hector Communications Corp
- Co-founder of Canterbury Park Holding Corp.



Mark Fandrich

Chief Financial Officer
Group President
JDL Technologies & Suttle

- Corporate Controller for The Bergquist Company



Scott Otis

Group President
Transition Networks & Net2Edge

- VP, Operations - Professional Services for TE Connectivity, Inc.
- VP, Marketing and Business Development for ADC Professional Services

Investment Considerations

2019 to be TRANSFORMATIONAL
due to the ongoing enterprise-wide restructuring process



Contact Us



CSI



Mark D. Fandrich
Chief Financial Officer
952-582-6416
mark.fandrich@commsysinc.com

Roger H. D. Lacey
Chief Executive Officer
952-996-1674

Lena Cati
(212) 836-9611
lcati@equityny.com

Devin Sullivan
(212) 836-9608
dsullivan@equityny.com





CSI

Communications Systems, Inc.

(NASDAQ: JCS)



**The new CSI..... evolving into an IoT & Edge Management
product and services company**
