

Fact sheet

<http://corporate.spirent.com>

Ticker

LSE: SPT

Sector

Technology Hardware & Equipment

SPIRENT

About Spirent

At Spirent we provide innovative products and services to help the world communicate and collaborate faster, better and securely.

The world's leading innovators rely on Spirent's expertise to help them design, develop and deliver best in class solutions to their customers. Spirent is listed on the London Stock Exchange.

Spirent at a glance

The Group is organised into three segments.

Networks & Security:

Revenue 2016 \$262.2m (2015 \$239.2m)

Operating profit 2016 \$47.2m (2015 \$34.6m)

This segment consists of the Cloud and IP, Application Security and Positioning lines of business.

The new segment tests communications networks, services and applications and security in the lab during the development and product verification phase prior to launch. The value to customers is to allow them to launch new projects with confidence in network functionality and performance at scale with variabilities in traffic, reliability and security. Security is a critical growth opportunity, from all connected devices, networks and services to the provision of satellite time and position signals used in critical infrastructure applications and new applications, such as autonomous vehicles.

Lifecycle Service Assurance:

Revenue 2016 \$99.2m (2015 \$112.2m)

Operating profit 2016 \$11.2m (2015 \$17.7m)

This segment consists of the Mobility Infrastructure, Customer Experience Management, Service Assurance and Automation Platform Technologies lines of business.

This segment's solutions enable the measurement of network performance and customer experience periodically and the rapid diagnosis of detected or reported network performance and customer experience problems.

Its purpose is to provide active testing and analytics in the operational network, with a focus on wireless service providers. Active test assurance helps customers stay ahead by reducing operating costs while maintaining the quality of service and user experience. It enables the real-time assessment of the network, allowing faster fault fixing and giving insight into the users' experience.

Connected Devices:

Revenue 2016 \$96.5m (2015 \$125.7m)

Operating loss 2016 \$4.4m (2015 \$4.4m)

This segment consists of the Wireless and Service Experience lines of business together with Communications Technologies Management (formerly Device Intelligence and Developer Tools).

This segment's purpose is to provide technical solutions to test the performance of wireless devices, primarily those that rely on cellular technologies, including smartphones but increasingly of any connected device. The next major technological wave under development is 5G wireless, as well as how to mitigate the concern around the security of many previously unconnected devices being linked to the network.

Performance highlights

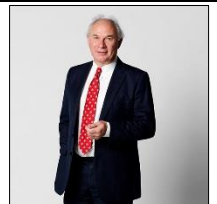
- Strong growth in largest business, Networks & Applications, revenue increased 6 per cent driven by strong demand for high-speed Ethernet and test automation, operating profit before exceptional items up 33 per cent.
- Positioning delivered strong growth, although revenue in Wireless & Positioning reduced 14 per cent due to the contraction in the device test market. Operating profit before exceptional items increased 15 per cent and operating margin before exceptional items rose to 14.4 per cent due to strong performance in Positioning and operating expense management.
- Service Assurance revenue decreased by 17 per cent as expected, reflecting part of the non-repeating contract for hand-held test tools delivered in 2015, while maintaining operating margin before exceptional items at 14.6 per cent.
- 18 new products were launched including the industry's first Quint-speed high-speed Ethernet product covering 100G, 50G, 40G, 25G and 10G, the industry's first 2.5G and 5G BASE-T Ethernet test solution, software-as-a-service solution for network and cloud testing, next-generation channel emulator, an innovative security test product and a mid-range global navigation satellite system (GNSS) simulator.
- Major contract won with Tier-1 service provider for active testing in the network.
- Completed our security test product (CyberFlood) and launched our security consulting practice (SecurityLabs). Closed deals with a large global telecoms company, a leading security products vendor and a global financial institution.
- Received Duke of Edinburgh's Navigation Award for Technical Achievement.

Management

Eric Hutchinson, Chief Executive Officer

Eric was appointed to the Board in January 2000 as Chief Financial Officer and appointed Chief Executive Officer in September 2013.

Eric joined the Company in 1983 and worked in various roles in the finance function prior to his appointment as Chief Financial Officer.



He is a Fellow of the Association of Chartered Certified Accountants and a member of the Financial Reporting Review Panel.

Paula Bell, Chief Financial Officer

Paula was appointed to the Board in September 2016 as Chief Financial Officer.

From 2013, Paula was Chief Financial Officer at John Menzies plc, following seven years as Group Finance Director of Ricardo plc and has extensive strategic financial and commercial experience from large listed global companies, BAA Plc, AWG Plc and Rolls Royce Plc.



Since 2012, Paula has been a non-executive director of Laird plc and is Chairman of their Audit Committee.

Paula is a Fellow of the Chartered Institute of Management Accountants and a Chartered Global Management Accountant.

Strategy at a glance

Our strategy

Continuously innovate in test and measurement technologies to develop leading products and services for fixed and mobile voice, data and video applications and networks and to be recognised by customers for the ease of use and simplicity of our solutions for testing and measuring complex systems.

Our vision

To be the leading experts in methodologies and solutions for the development and management of next-generation communications networks, connected devices and applications.

Key strategic actions

We have identified six key strategic priorities that we believe are critical in order to achieve our strategy and ultimately our vision.

Grow our business in our target markets

Description

Develop new products and services to grow our business in our target markets:

- High-speed Ethernet/IP, cloud and virtualisation, applications, mobile devices and networks, performance and security.
- Positioning, navigation and timing in global navigation satellite systems, communication networks and mission-critical applications (e.g. autonomous vehicles).

Establish and maintain technology leadership

Description

- Continue appropriate levels of investment in product development.
- Participate actively in standardisation bodies and industry groups for emerging technologies.
- Work closely with our customers.
- Strengthen our expertise and experience.

Strengthen our customer relationships

Description

- Partner with our customers.
- Create innovative solutions for customers' future needs.
- Focus on quality of service, delivery and support.
- Adopt account-based marketing and sales for top target accounts.

Acquire new capabilities and technologies

Description

Expand our portfolio through:

- Partnerships.
- Licensing of technologies.
- Purchase of businesses.
- Recruit and hire recognised experts in critical areas.

Invest in our people

Description

Our employees are central to our strategy and success:

- Find and attract highly qualified and skilled employees.
- Engage our employees through exciting work and opportunities.
- Retain the expertise and knowledge that we have built.

Maintain financial strength and flexibility

Description

A robust balance sheet and strong cash generation allows us to:

- Invest in organic growth.
- Pursue strategic acquisitions.
- Pay sustainable dividends to shareholders.

For full details on the Spirent Strategy go to our corporate website <http://corporate.spirent.com>

Key financials

\$ million	FY 2016	FY 2015	FY 2014
Reported revenue	457.9	477.1	457.2
Reported operating (loss)/profit	(41.1)	10.1	23.7
Adjusted operating profit ¹	46.5	42.1	46.0
Adjusted basic earnings per share ^{1, 2} (cents)	5.29	5.00	5.82
Dividend per share ³ (cents)	3.89	3.89	3.89
Free cash flow ⁴	25.9	35.3	10.7

Notes

¹ Before charging exceptional items, acquisition related costs, acquired intangible asset amortisation and impairment, goodwill impairment and share-based payment amounting to \$87.6 million in total (2015 \$32.0 million).

² Before tax effect of items in 1 and prior year taxes.

³ Dividends are determined in US dollars and paid in sterling at the exchange rate prevailing when the dividend is proposed or declared.

⁴ Operating cash flow after tax, net interest and net capital expenditure.

Spirent share price

Share price*	121.25p
52-week closing price range	95.00-122.50p
Shares in issue with voting rights	610m
Market cap*	£739m

*At 5 April 2017

Substantial shareholders**	% held
Ameriprise Financial, Inc.	15.17
Prudential plc	10.10
AXA Investment Managers SA	7.77
Fidelity International	5.76
Standard Life Investments Ltd	5.29
PrimeStone Capital LLP	5.10
Artemis Investment Management Limited	5.00
Brandes Investment Partners (various clients)	5.00
Neptune Investment Management Ltd	4.96
Schroders plc	4.41
Sun Life Assurance Company of Canada (UK) Ltd	3.82
Kames Capital	3.03

**At 5 April 2017 Spirent has been notified of the following significant interests in its Ordinary Shares pursuant to Disclosure and Transparency Rule 5.

Acquisitions

Spirent Communications plc acquires Wi-Fi Experience Monitoring Specialist Epitiro

16 November 2015 - Spirent has acquired Epitiro Limited ("Epitiro"), based in Cardiff, Wales, a pioneer and leader in the rapidly growing Wi-Fi experience monitoring market. The acquisition of Epitiro by Spirent builds on the success of a strategic partnership which has led to experience monitoring system deployments at multiple customers, including a tier-1 US service provider.

Spirent Communications plc takes stake in Jolata, Inc.

7 October 2015 - Spirent made a \$5.0 million investment to take a 28 per cent stake in Jolata, Inc. ("Jolata"), a pre-revenue company based in San Jose, California, which aims to develop a market leadership position in network visibility for latency management. The investment in Jolata will be equity accounted and reflected as an investment in associate in Spirent's financial statements.