



News Release

SPIRENT COMMUNICATIONS PLC INTERIM MANAGEMENT STATEMENT (UNAUDITED)

London, UK – 4 May 2011: Spirent Communications plc (“Spirent”, the “Company” or the “Group”) (LSE: SPT), a leading communications technology company, announces the following unaudited Interim Management Statement for the period since 31 December 2010.

Trading performance for the period is in line with the Board’s expectations and continues the positive trend that Spirent reported in its full year 2010 results.

Highlights – First quarter 2011

- Revenue up by 14% to \$122.8 million.
- Operating profit up 16% before charging \$0.6 million of share-based payment and acquired intangible asset amortisation (first quarter 2010: \$0.4 million) and acquisition expenses of \$1.2 million. Reported operating profit up 10% to \$23.7 million.
- Basic earnings per share up by 15% to 2.39 cents per share after charging 0.24 cents for share-based payment, acquired intangible asset amortisation and acquisition expenses, net of tax.
- Order intake growth of 11% in our Performance Analysis division. Group order intake was up 5%.
- Increased investment in product development of 14% to \$21.7 million.
- Acquisition of The Fanfare Group, Inc. (“Fanfare”) for a cash consideration of \$15.0 million.

Bill Burns, Chief Executive Officer, commented:

“The dynamics in our industry during the first quarter of 2011 reflect the growth trends in data communications seen last year. We have invested in our business through product development and sales and marketing, while maintaining operating margins before acquisition expenses. We are pleased to have completed the acquisition of Fanfare and its integration into Spirent is well underway. We look forward to a continuation of the positive start to 2011 throughout the remainder of the year.”

Results summary

	1 st quarter 2011 \$ million	1 st quarter 2010 \$ million	Change %
Revenue	122.8	107.9	14
Operating profit	23.7	21.5	10
Basic earnings per share (cents)	2.39	2.08	15

Group revenue grew 14 per cent over the first quarter of 2010 to \$122.8 million.

In our Performance Analysis division order intake increased over the first quarter of 2010 by 11 per cent. In Systems, however, order intake was down 22 per cent due to the changes in the US Medicare reimbursement process. For the Group the growth in order intake was 5 per cent over the first quarter of 2010.

Gross margin was 65.9 per cent compared with 66.1 per cent for the first quarter of 2010. As expected gross margin has reduced in Performance Analysis due to the product mix and in Service Assurance due to the lower software content, however, both were within the normal range expected.

Reported operating profit improved by 10 per cent to \$23.7 million. Operating profit, before charging \$0.6 million for share-based payment and acquired intangible asset amortisation and \$1.2 million of acquisition and integration costs, was up 16 per cent. Acquired intangible asset amortisation includes \$0.1 million for Fanfare, representing the pro-rata share of the expected annual amortisation charge of \$1.5 million. Other expenses include an increase in product development engineering as well as the expansion of our sales activities to drive future growth.

Basic earnings per share for the quarter was 2.39 cents (first quarter 2010: 2.08 cents). This includes a charge of 0.24 cents per share for share-based payment, acquired intangible asset amortisation and acquisition and integration costs, net of tax (first quarter 2010: 0.06 cents).

Performance Analysis

The positive trends that we saw in 2010 have continued into 2011 resulting in revenue growth of 14 per cent to \$92.8 million in our Performance Analysis division. All lines of business reported growth in the first quarter. This performance was driven in particular by our customers increased investment in our Ethernet, wireless and positioning test solutions. Gross margin was within the normal range at 71.8 per cent (first quarter 2010: 72.6 per cent). Operating profit grew to \$22.2 million, an increase of 14 per cent with return on sales maintained at 24 per cent.

Service Assurance and Systems

In Service Assurance revenue grew by 31 per cent to \$15.5 million compared with the first quarter of 2010 and operating profit improved by 62 per cent to \$2.1 million.

Systems, as discussed above, reported lower order intake by 22 per cent compared to the prior year although revenue at \$14.5 million for the quarter was just 3 per cent down period-on-period. Operating profit was \$2.1 million, \$0.3 million below the first quarter of 2010. The effects of the changes to US Medicare funding are expected to be less marked as the year progresses.

Cash

Free cash flow¹ for the first quarter of 2011 was \$13.8 million (first quarter 2010: \$25.6 million). The reduction in free cash flow is due to an increase in working capital of \$8.1 million to fund increased activity and further investment in the business, and the payment of acquisition and integration expenses. After paying the cash consideration of \$15.0 million for the acquisition of Fanfare and \$10.0 million for on market share repurchases and the purchase of shares into trust, cash and cash equivalents closed at \$215.1 million (31 December 2010: \$223.9 million).

Outlook

We expect to maintain progress throughout the remainder of 2011, as we continue to invest in the expansion of our product portfolio to meet our customers' demand for innovative test solutions to enable the development and deployment of new technologies that drive the ever-evolving communications industry.

Note

¹ Operating cash flow after tax, net interest and net capital expenditure.

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Enquiries

Bill Burns, Chief Executive Officer Spirent Communications plc +44 (0)1293 767676
Eric Hutchinson, Chief Financial Officer

James Melville-Ross/James Macey White/ Financial Dynamics +44 (0)20 7831 3113
Emma Appleton

About Spirent Communications plc

Spirent Communications plc is a global leader in test and measurement inspiring innovation within development labs, communication networks and IT organisations. We enable today's communication ecosystem as well as tomorrow's emerging enterprises to deploy life-enriching communications networks, devices, services and applications. The Systems group develops sophisticated power control systems for electrical vehicles in the medical mobility and industrial markets. Further information about Spirent Communications plc can be found at www.spirent.com.

Spirent Communications plc Ordinary Shares are traded on the London Stock Exchange (ticker: SPT). The Company operates a Level 1 American Depositary Receipt ("ADR") programme with each ADR representing four Spirent Communications plc Ordinary Shares. The ADRs trade in the US over-the-counter ("OTC") market under the symbol SPMYY and the CUSIP number is 84856M209. Spirent ADRs are quoted on the Pink OTC Markets electronic quotation service which can be found at www.pinksheets.com.

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Cautionary statement regarding forward-looking statements

This document may contain forward-looking statements which are made in good faith and are based on current expectations or beliefs, as well as assumptions about future events. You can sometimes, but not always, identify these statements by the use of a date in the future or such words as "will", "anticipate", "estimate", "expect", "project", "intend", "plan", "should", "may", "assume" and other similar words. By their nature, forward-looking statements are inherently predictive and speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. You should not place undue reliance on these forward-looking statements, which are not a guarantee of future performance and are subject to factors that could cause our actual results to differ materially from those expressed or implied by these statements. The Company undertakes no obligation to update any forward-looking statements contained in this document, whether as a result of new information, future events or otherwise.

Condensed consolidated income statement (unaudited)**Period ended 3 April 2011**

	1 st quarter 2011 \$ million	1 st quarter 2010 ¹ \$ million
Revenue	122.8	107.9
Cost of sales	(41.9)	(36.6)
Gross profit	80.9	71.3
Product development	(21.7)	(19.0)
Selling and distribution	(24.4)	(21.8)
Administration	(11.1)	(9.0)
Operating profit	23.7	21.5
Net finance expense	(0.1)	(0.2)
Profit before tax	23.6	21.3
Tax	(7.6)	(7.3)
Profit for the period attributable to equity shareholders of parent Company	16.0	14.0
Earnings per share (cents)		
Basic	2.39	2.08
Diluted	2.36	2.05

Note

1 Quarter ended 4 April 2010.

Segmental analysis

	1 st quarter 2011 \$ million	1 st quarter 2010 \$ million
Revenue		
Performance Analysis	92.8	81.1
Service Assurance	15.5	11.8
Systems	14.5	15.0
	122.8	107.9
Operating profit		
Performance Analysis	22.2	19.4
Service Assurance	2.1	1.3
Systems	2.1	2.4
Segment operating profit	26.4	23.1
Non-segmental		
Corporate	(0.9)	(1.2)
Acquired intangible asset amortisation	(0.4)	(0.3)
Share-based payment	(0.2)	(0.1)
Acquisition related costs	(1.2)	-
	23.7	21.5
<u>Other information</u>		
Depreciation	3.2	2.9
Capital expenditure	4.1	3.9
<u>Earnings per share</u>		
Basic (cents)	2.39	2.08
Diluted (cents)	2.36	2.05
Weighted average number of shares in issue at period end – basic (million)	670.1	673.5
Weighted average number of shares in issue at period end – diluted (million)	676.8	682.1