CAPITAL MARKETS DAY 2020

Spirent Communications plc

SAFE HARBOUR STATEMENT

This presentation and the subsequent question and answer session may contain forward-looking statements that are based on current expectations or beliefs, as well as assumptions about future events. There are risk factors that could cause our actual results to differ materially from those expressed in or implied by such statements.

Spirent disclaims any intention or obligation to revise or update any forward-looking statements that may be made during this presentation or the subsequent question and answer session regardless of whether those statements are affected as a result of new information, future events or otherwise.

AGENDA

Welcome & Introduction

Strategic Objectives Overview

The Evolution of 5G

Evolution of Cloud, More than High-Speed Ethernet

Lifecycle Service Assurance

Sales – Playing to Win

Spirent Services – New Horizons

Financial Overview

Summary & Conclusion

Q&A

Eric Updyke
CEO

Paula Bell
CFO/COO

Abhitesh Kastuar
GM Cloud & IP

Doug Roberts
*GM Lifecycle
Service Assurance*

Manuel Zepeda
*EVP Global Sales
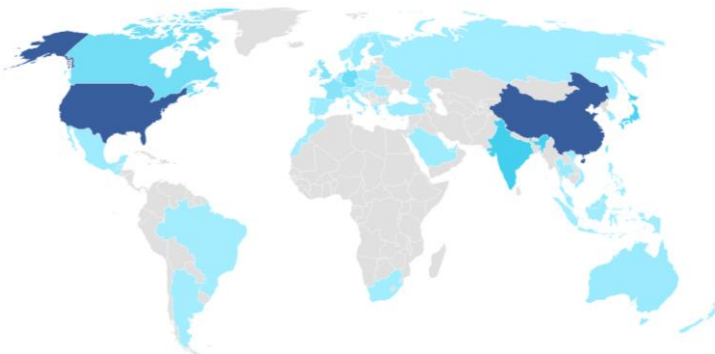& Services*

WHO IS SPIRENT?
WE ARE A GLOBAL LEADER IN TEST AND ASSURANCE

1,400+ employees across **20 countries** providing innovative hardware, software, and services solutions.

In a "Connected Everything" world, we supported over 1,100 customers in 53 countries in 2019.

Our solutions help our customers assure they can fulfill their promises.

Promise. Assured.

$504M
2019 Revenue

↗ 5.6%
2019 Revenue

73%
2019 Gross Margin

$96.5M
2019 R&D Investment

LSE TICKER:SPT.L

Ospirent™

COMPLEXITY CREATES MULTIPLE GROWTH DRIVERS FOR SPIRENT

Spirent's market-leading portfolio is well-positioned to support our customers

5G: The Game-Changer	Complex Networks + Cloud Migration	Connected Everything	Intelligent Location	Pervasive Security Threats
2025: 2.6 Billion subscriptions	2025: Cloud migration market = $448 Billion	2025: 41.6 Billion connected things	2025: 286 Million more connected cars	2019: Average data breach cost $3.92M
Extensive 5G portfolio accelerates time-to-revenue	Cloud and Service Assurance solutions to deploy, develop, and optimize networks	Leading High-Speed Ethernet and device test solutions support growing demands	Innovative Positioning and Location solutions help assure accuracy, integrity, and reliability	Advanced security testing platforms to fulfill the promise of secure communication

OUR AMBITION

spirent™

To be the global **leader** and
trusted partner for **innovative** technology
test and assurance solutions

OUR STRATEGIC PILLARS

trusted partner

Customer
Centricity

innovative

Innovation
for Growth

leader

Operational
Excellence

Ospirent™

Increase share with our existing customers

Drive solutions – selling across the customer lifecycle

Expand footprint in new segments and geographies

Customer Centricity

Increase share with our existing customers

Drive solutions – selling across the customer lifecycle

Expand footprint in new segments and geographies

We are solving bigger business problems on behalf of our customers

~20% Key Account YoY Sales

Customer Centricity

Spirent

Increase share with our existing customers

Drive solutions – selling across the customer lifecycle

Expand footprint in new segments and geographies

Strong LSA growth, including VisionWorks operational network assurance

Increasing our visibility while decreasing cyclicality

Customer Centricity

Increase share with our existing customers

Drive solutions – selling across the customer lifecycle

Expand footprint in new segments and geographies

5G and SD-WAN

Expand further into enterprise

5G and Cloud Service Providers

Focus on largest economies

Innovation For Growth

plc awards 2019
#plcawards

winner

Ospirent™
Promise. Assured.

innovation in technology award

Extend thought leadership in key growth trends

Grow recurring revenue streams

Commence targeted M&A

Innovation
For Growth

Extend thought
leadership in key
growth trends

Grow recurring
revenue streams

Commence
targeted M&A

Ospirent™

Innovation For Growth

Extend thought leadership in key growth trends

Grow recurring revenue streams

Commence targeted M&A

Software % Revenue 2016 **21%**

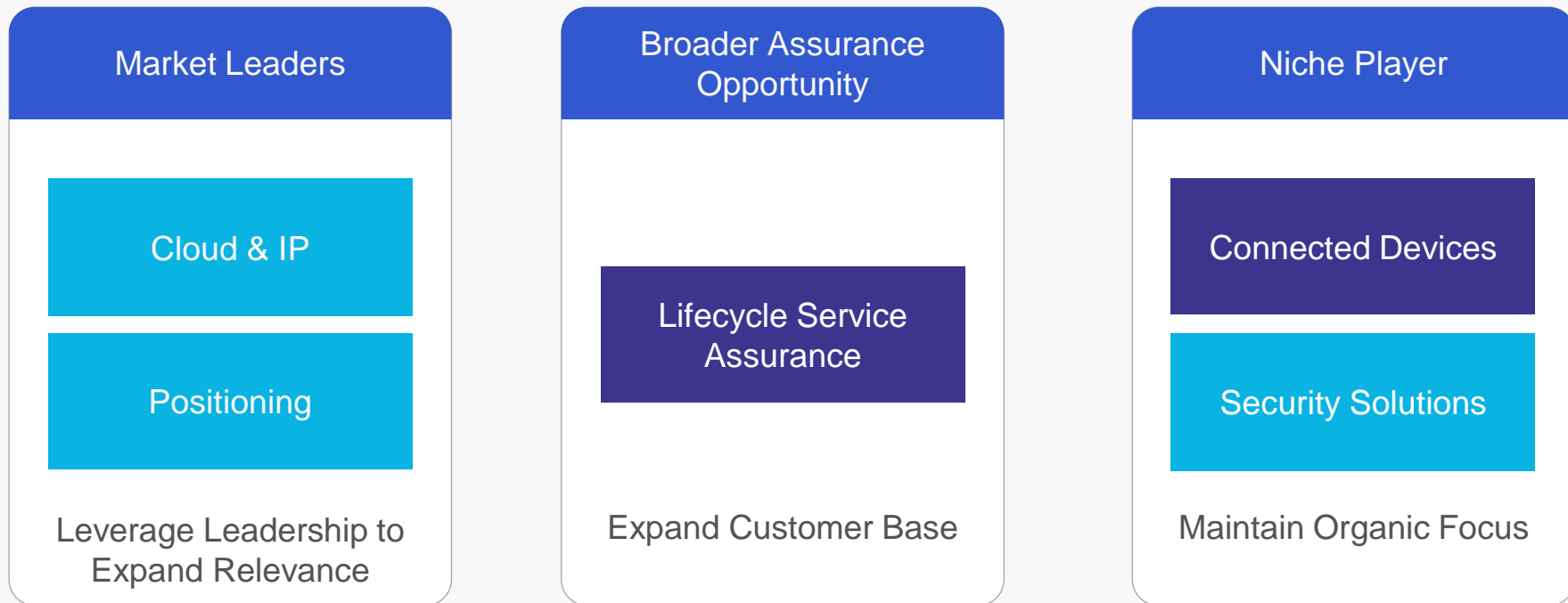**28%** Software % Revenue 2019

Innovation For Growth

Extend thought leadership in key growth trends

Grow recurring revenue streams

Commence targeted M&A

OUR INVESTMENT AND M&A PLANS

Market Leaders

Cloud & IP

Positioning

Leverage Leadership to Expand Relevance

Broader Assurance Opportunity

Lifecycle Service Assurance

Expand Customer Base

Niche Player

Connected Devices

Security Solutions

Maintain Organic Focus

= Networks & Security

Operational
Excellence

Spirent

Foundation for
Profitable Growth

Talent

Sustainability &
Future Positive

Foundation for
Profitable Growth

Talent

Sustainability &
Future Positive

Organized to support our sustainable, profitable growth.

Revenue

540

490

440

`16  `17 `18  `19

Operating Profit

100

60

20

`16  `17 `18  `19
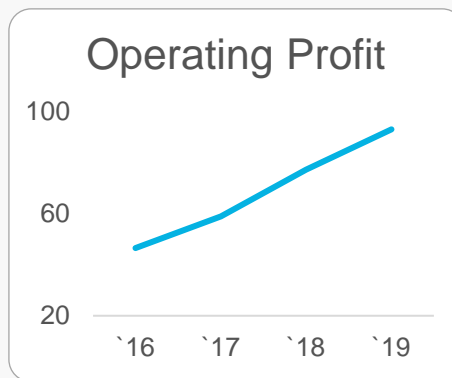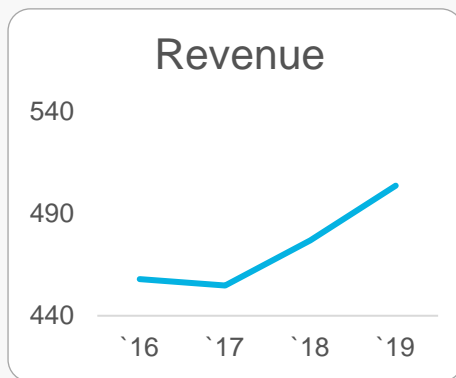
- Refined technology portfolio
- Resilient supply chain
- Disciplined corporate development
- Focused salesforce
- Modernized marketing organization
- Cross-company services team
- Strong balance sheet

Foundation for Profitable Growth

Talent

Sustainability & Future Positive

20+ New Senior Leaders
since joining as CEO in April 2019

Operational Excellence

Foundation for Profitable Growth

Talent

Sustainability & Future Positive

STEM* Ambassador Programme: helping students develop STEM skills

Our products improve customer's efficiency and can reduce utility usage by **~90%**

At Spirent facilities, we cut greenhouse gas emissions by **29%** since 2014 and **90%** of electricity is from renewable sources

*STEM = science, technology, engineering and math

WELL POSITIONED TO DELIVER LONG-TERM GROWTH

Spirent Today

- Products & Hardware
- Service Providers and Network Equipment Manufacturers
- Majority Lab Testing
- Network Service Assurance

Customer Centricity >

Innovation for Growth >

Operational Excellence >

Spirent Tomorrow

- Increased Solutions, Services, and Software
- Diversified Customers
- Push into Live Network
- Network Service Assurance

CYCLES IMPACTING OUR PORTFOLIO

Focused on sustainable, profitable growth to mitigate cyclicality

Wireless Technology
From 4G to 5G to 6G

High-Speed Ethernet
From 100G to 400G to 800G

Connected Devices

Mitigation Strategies

Push further into live networks

Increase recurring revenue streams

Drive services and solutions

Ospirent

THE 5G MARKET IS **ACCELERATING**

5G Launches

75 launches in **38** countries

>350 service providers investing[1]

5G Devices

95 commercially available

>200 in development[2]

5G Spending

2020: **~$9.3B** infrastructure spend

2023: **~$25B** infrastructure spend[3]

5G Performance

~0.3 to **1.5Gbps** speeds today

~10Gbps in next few years[4]

5G Uptake

~64M 5G subs in China already

2.6B subs by 2025[5]

Spirent Promise Assured **25**

[1] Source: Hadden Telecoms | [2] Source: GSA | [3] Source: Gartner | [4] Spirent market tests | [5] Source: Ericsson

Ospirent™

CUSTOMER **CHALLENGES**

5G Complexity

Steep learning curve with new operational processes & security risks

Time-To Market

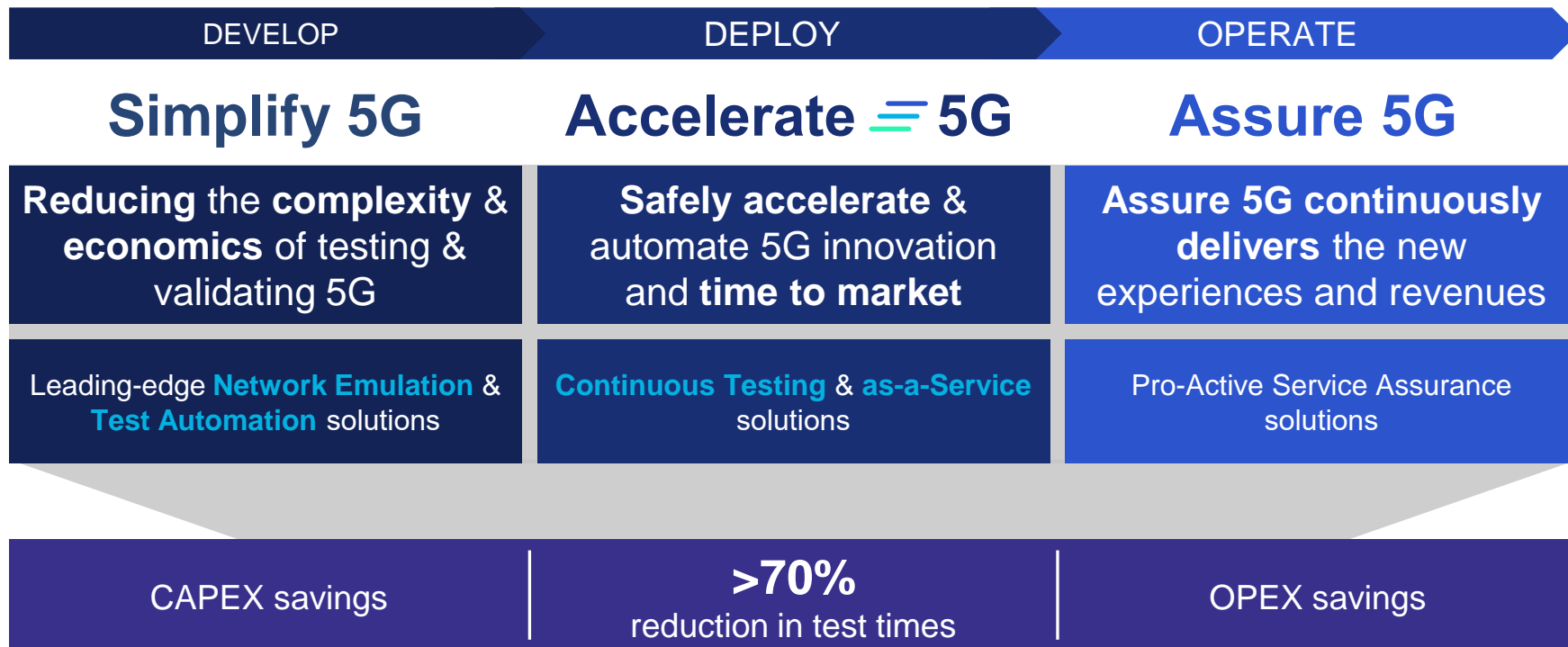Race to be first impacting availability & quality

Cost

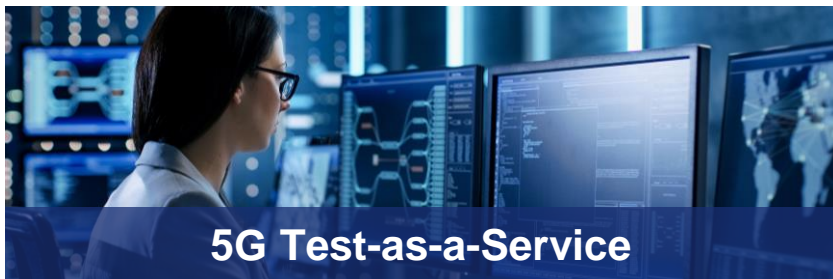Considerable new investment while still spending on 4G

Business Case
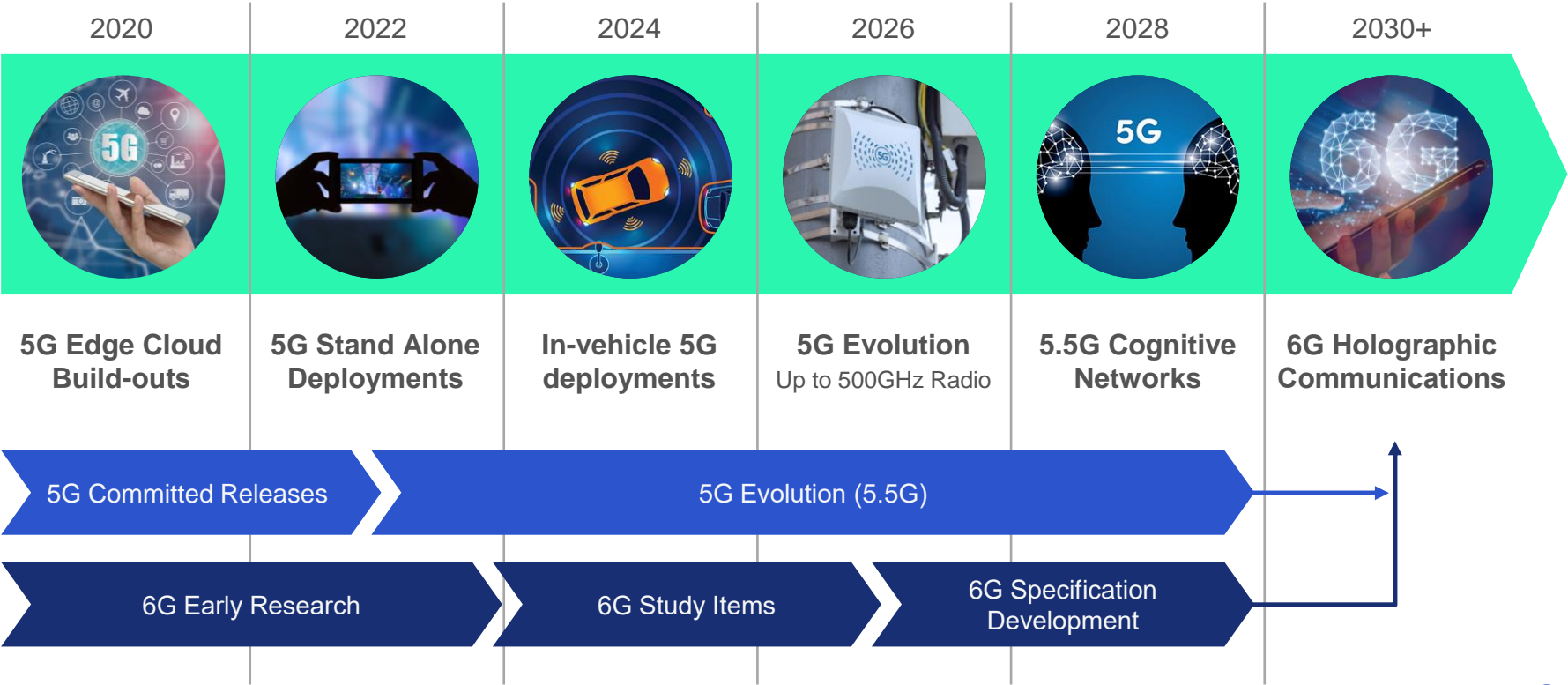
Need to move beyond consumer market

Ospirent™

SPIRENT'S 5G **STRATEGY**

DEVELOP	DEPLOY	OPERATE
Simplify 5G	**Accelerate 5G**	**Assure 5G**
Reducing the **complexity** & **economics** of testing & validating 5G	**Safely accelerate** & automate 5G innovation and **time to market**	**Assure 5G continuously delivers** the new experiences and revenues
Leading-edge **Network Emulation** & **Test Automation** solutions	**Continuous Testing** & **as-a-Service** solutions	Pro-Active Service Assurance solutions

CAPEX savings	**>70%** reduction in test times	OPEX savings

spirent™

STRATEGY IN **ACTION**

250+ Deals in 2019 and **250+ Deals in H1 2020** Across **100+** Customers

5G Test-as-a-Service

5G Over The Air Test System

5G Active Assurance Deployment

5G Network Digital Twin

THE 5G EVOLUTION TO **6G**

2020	2022	2024	2026	2028	2030+

5G Edge Cloud Build-outs

5G Stand Alone Deployments

In-vehicle 5G deployments

5G Evolution
Up to 500GHz Radio

5.5G Cognitive Networks

6G Holographic Communications

5G Committed Releases

5G Evolution (5.5G)

6G Early Research

6G Study Items

6G Specification Development

Evolution of Cloud, More than High-Speed Ethernet

Abhitesh Kastuar,

General Manager, Cloud and IP

Ospirent™

CLOUD AND IP

Leading Test and Assurance Solutions

Switching and Routing Devices

Datacenter Interconnect and Infrastructure

Wireless Access and 5G Fronthaul

Wi-Fi Devices and Access Points

Cloud Infrastructure, Services and Applications

Automotive Ethernet, IoT, Time Sensitive Networks

Our Customers

Our Value

Precision   **Scale and Performance**   **Innovation and Expertise**   **Services**

31

Leader in High-Speed Ethernet

> **"**
>
> … Spirent has exhibited **leadership** capabilities in the areas of **innovative** and **high-quality product** development, as well as **strong customer services**.

Frost & Sullivan: Global GbE
Test Equipment Market, Forecast to 2022

EVOLUTION OF ETHERNET & TECHNOLOGY MATURITY CYCLE
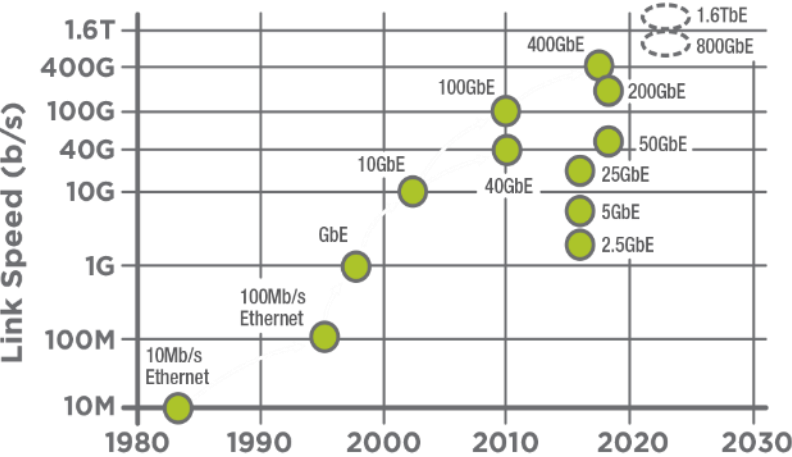
Technology Cycle
2 Years: Inception
3-4 Years: Adoption
2 years: Saturation
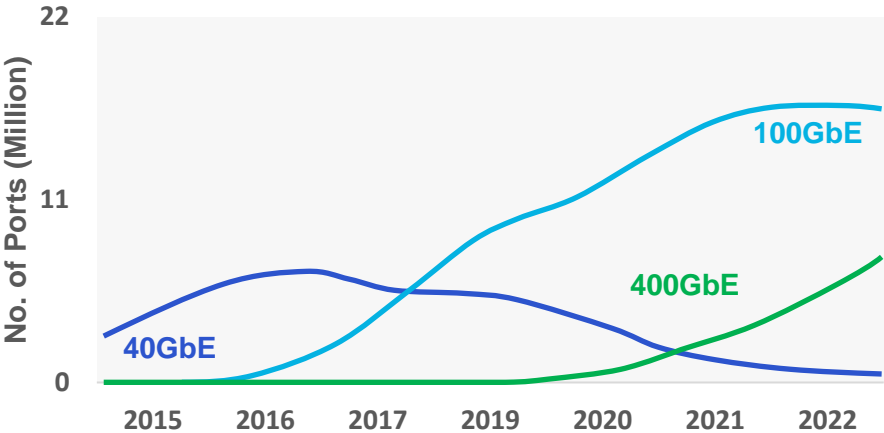
**Recent Maturity Cycle
for 40G, 100G & 400G Ethernet**

WHAT'S DRIVING **HIGH-SPEED ETHERNET**

10G, 25G, 40G, 50G
in various Enterprise Applications, including Data Centers and Office Inter-connects.

1G/2.5G/5G/10G
Applications in the Access Network, Industrial IoT and Automotive.

100G-400G
in Data Centers & Mobile Networks growing exponentially to keep up with demands.

Source: Ethernet Alliance
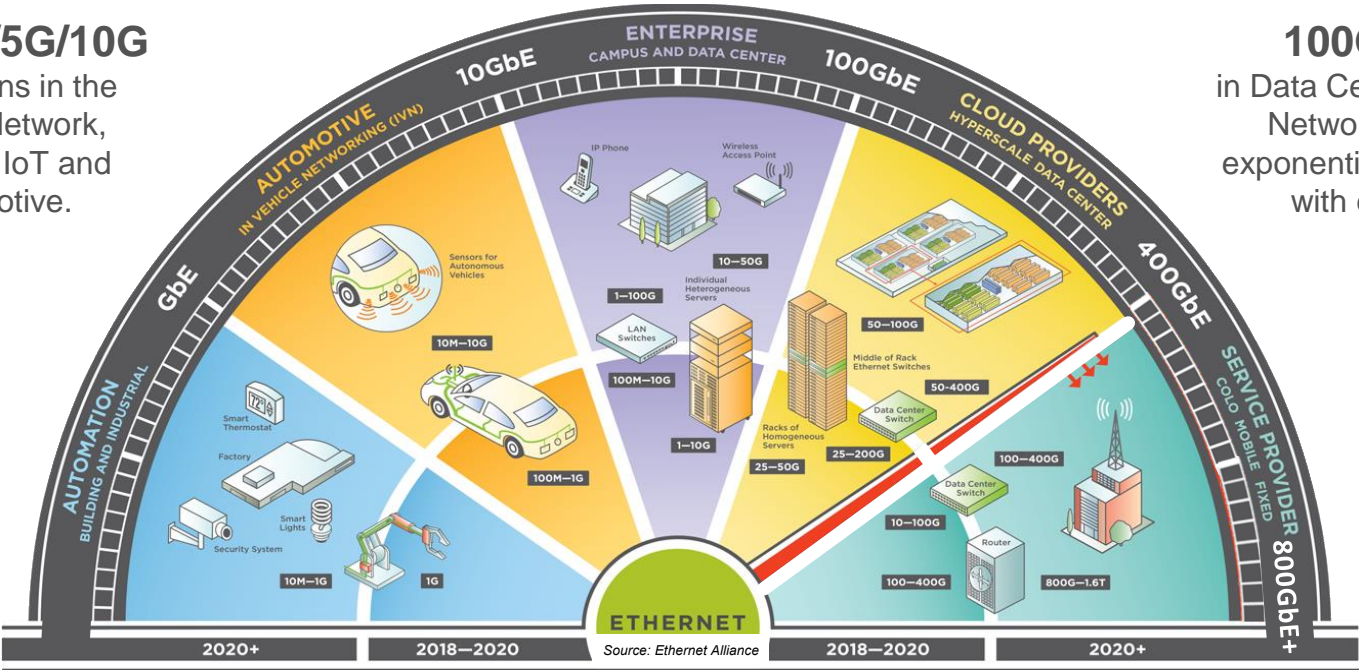
HIGH-SPEED ETHERNET MARKET TRENDS

General Ethernet Equipment Market Forecast ($B)
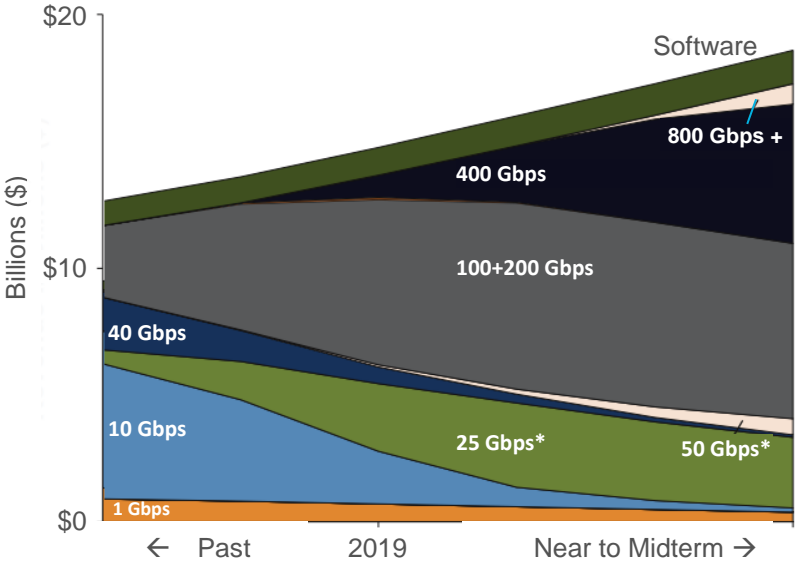
Test Equipment and Spirent HSE Market Forecast ($M)
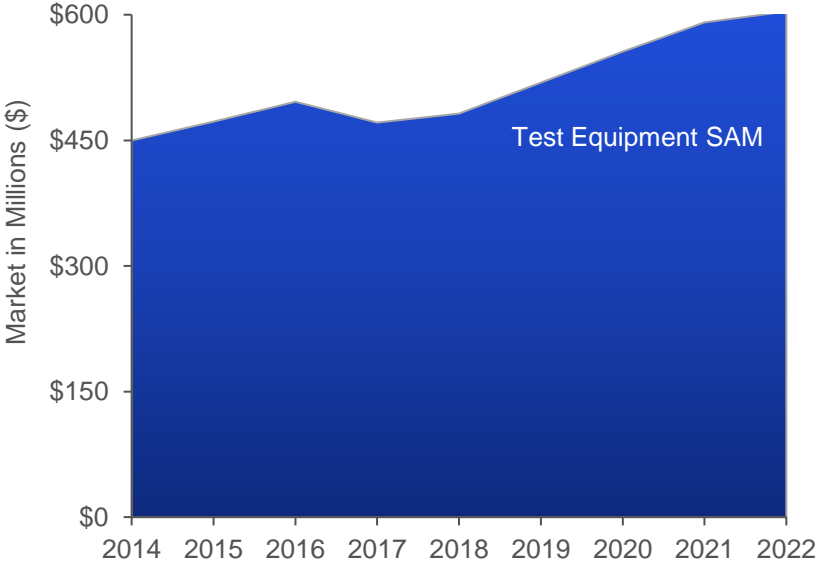
# THE CLOUD OPPORTUNITY

Fixed → Cloud Network Transformation

Telcos | Cloud Providers | Enterprises
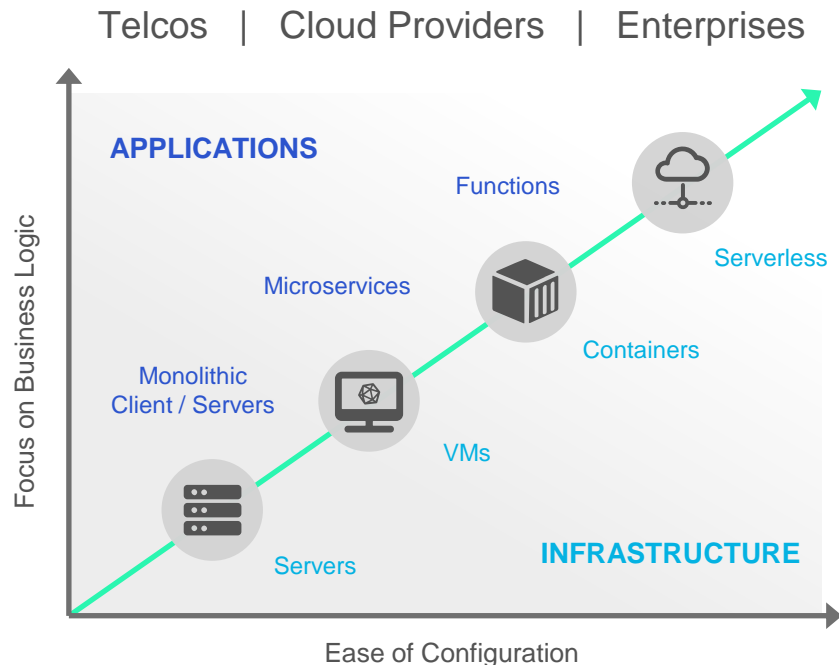
- New ways to grow **Average Revenue Per User** (ARPU) and topline for Carriers

- Faster **time-to-market** for new Enterprise and Consumer services

- Flexibility in asset cost, **CapEx / OpEx** with dynamic scale up and down

SPIRENT'S ADVANTAGE

Evolving network test to cloud assurance
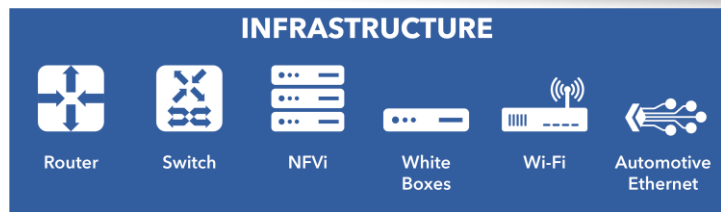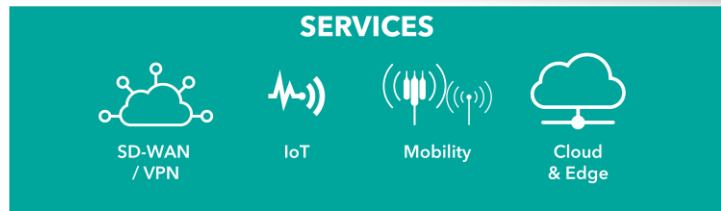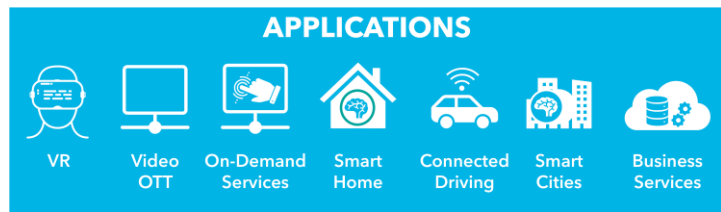
Solutions

- Solve complex Design & Operational networks
- Patented high precision network & cloud analytics
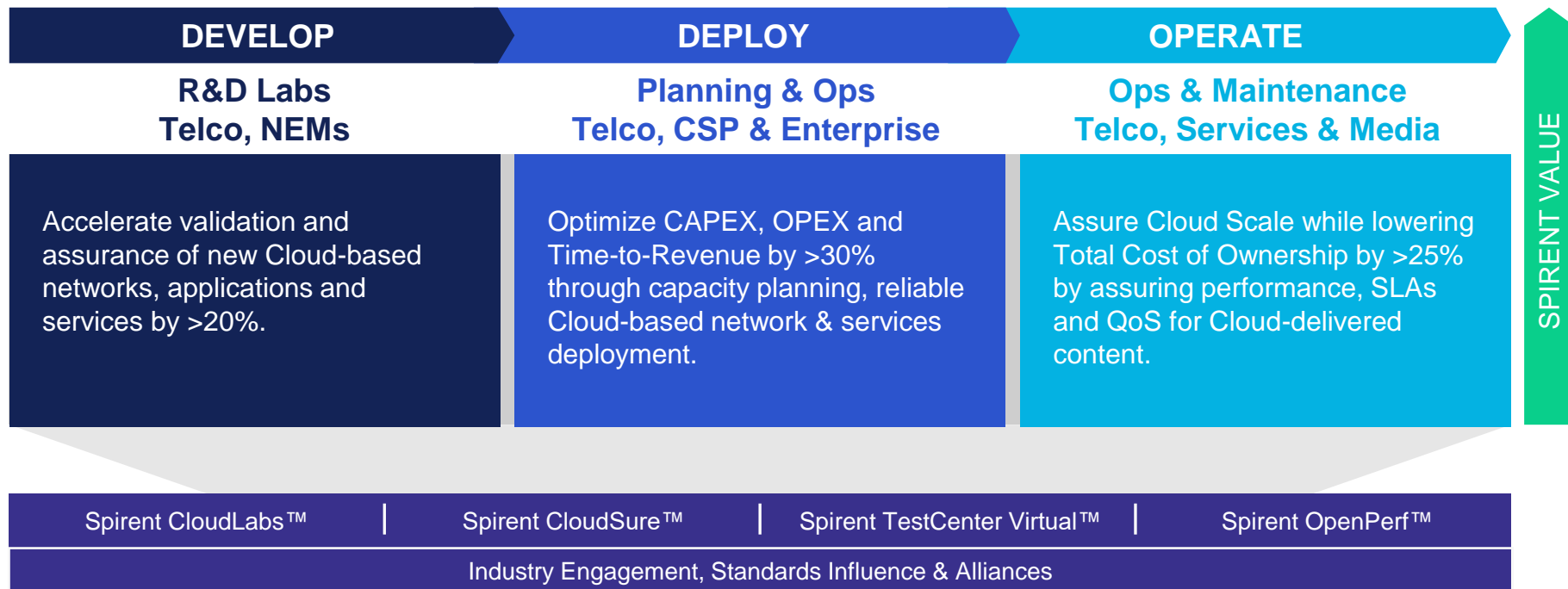- Domain experts and "as-a-Service" offerings

+

Go To Market

- Leverage Ethernet business
- Expand target customers and develop partnerships
- Differentiated positioning

WHAT WE HELP OUR CUSTOMERS DO

Cloud target market

DEVELOP	DEPLOY	OPERATE	SPIRENT VALUE
R&D Labs **Telco, NEMs**	**Planning & Ops** **Telco, CSP & Enterprise**	**Ops & Maintenance** **Telco, Services & Media**	
Accelerate validation and assurance of new Cloud-based networks, applications and services by >20%.	Optimize CAPEX, OPEX and Time-to-Revenue by >30% through capacity planning, reliable Cloud-based network & services deployment.	Assure Cloud Scale while lowering Total Cost of Ownership by >25% by assuring performance, SLAs and QoS for Cloud-delivered content.	

Spirent CloudLabs™	Spirent CloudSure™	Spirent TestCenter Virtual™	Spirent OpenPerf™

Industry Engagement, Standards Influence & Alliances

CASE STUDY: **EDGE CLOUD TURN-UP** AT TIER-1 TELCO

Customer Challenge

- Vendor-led, proprietary, 4G deployments taking months & proving costly
- Need a solution for Cloud turn-up in matter of days

Why Spirent?

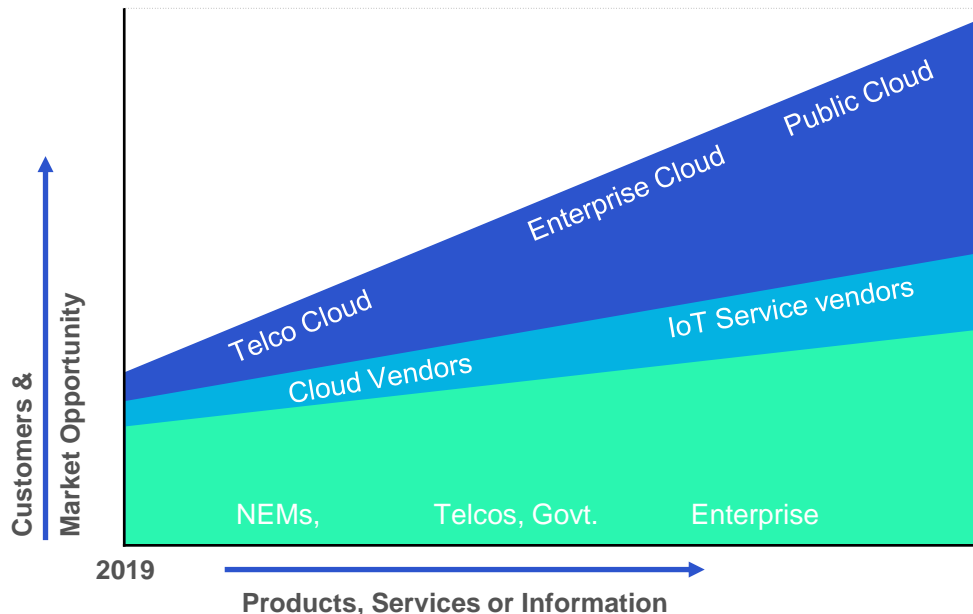- Comprehensive solutions to assure both Cloud & 4G/5G Mobility domains

Spirent Value

- **3X improvement in TTM and revenue** for EPC, IMS services
- **Cloud Turn-up as a Service** to help improve reliability of the Cloud infrastructure
- **Value-based differentiation** that enabled Telco to compete among its peer groups
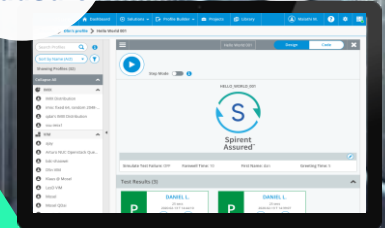
Ospirent™

SPIRENT READINESS TO ADDRESS OPPORTUNITY

Assuring reliability, performance and robustness of services

Customers & Market Opportunity (y-axis)

Public Cloud

Enterprise Cloud

Telco Cloud

IoT Service vendors

Cloud Vendors

NEMs,   Telcos, Govt.   Enterprise

2019

Products, Services or Information (x-axis)

Assuring:

☑ Cloud Infrastructure

☑ Cloud Scale

☑ SD-WAN

☑ CPE Services

☑ Cloud Network Services

☐ Video & Application Service QoS

☐ Cloud Fault Isolation

Legend:

☑ *Available Now*   ☐ *Coming Soon*

COMPETITIVE LANDSCAPE

Why Spirent will Win.

- Only Vendor with:

  - End-to-end assurance and testing domain expertise

  - Fully-integrated vertical stack solution

  - Ability to assure all aspects of Network and Cloud (Infrastructure, Applications and Services)

- Vendor-neutral testing authority and industry leadership
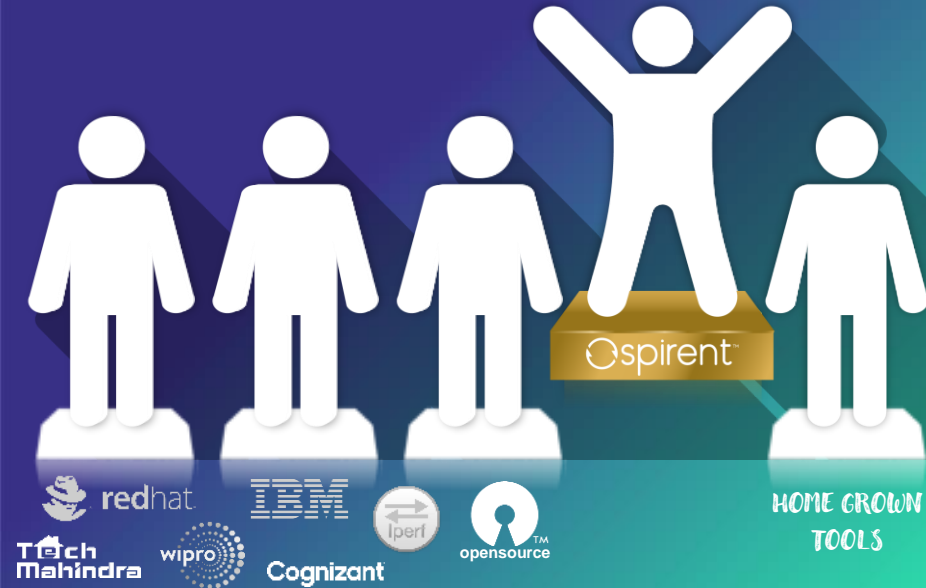
KEY TAKEAWAYS

Compelling differentiators and value proposition, validated by lead customers

Well positioned with marquee wins in 2019 laying foundation

Product and Services creates a new compelling, growth vector

Mobile Edge Cloud, AR/VR, Cloud applications will sustain opportunities

Core will power Cloud as "Promised. Assured." takes center stage

GLOBAL RACE TO 5G

- Increased expectations for flawless, differentiated services

- Exponentially more complex *but* still need to deploy 5G in record time

- Meanwhile operational costs are under extreme pressure

- Development & Operations working together is the only path to success

- Automation is key in any 5G initiative!
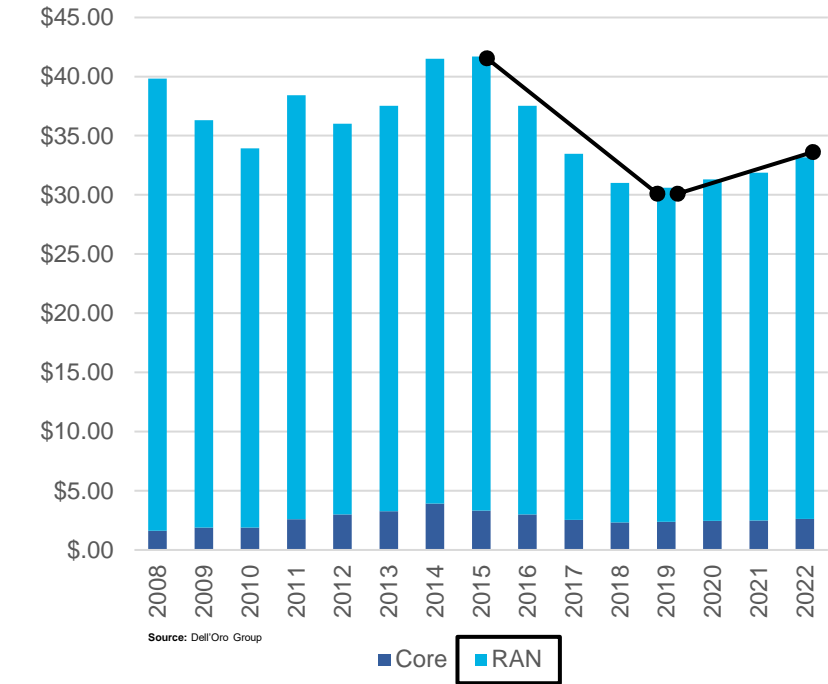
Augmented & Virtual Reality

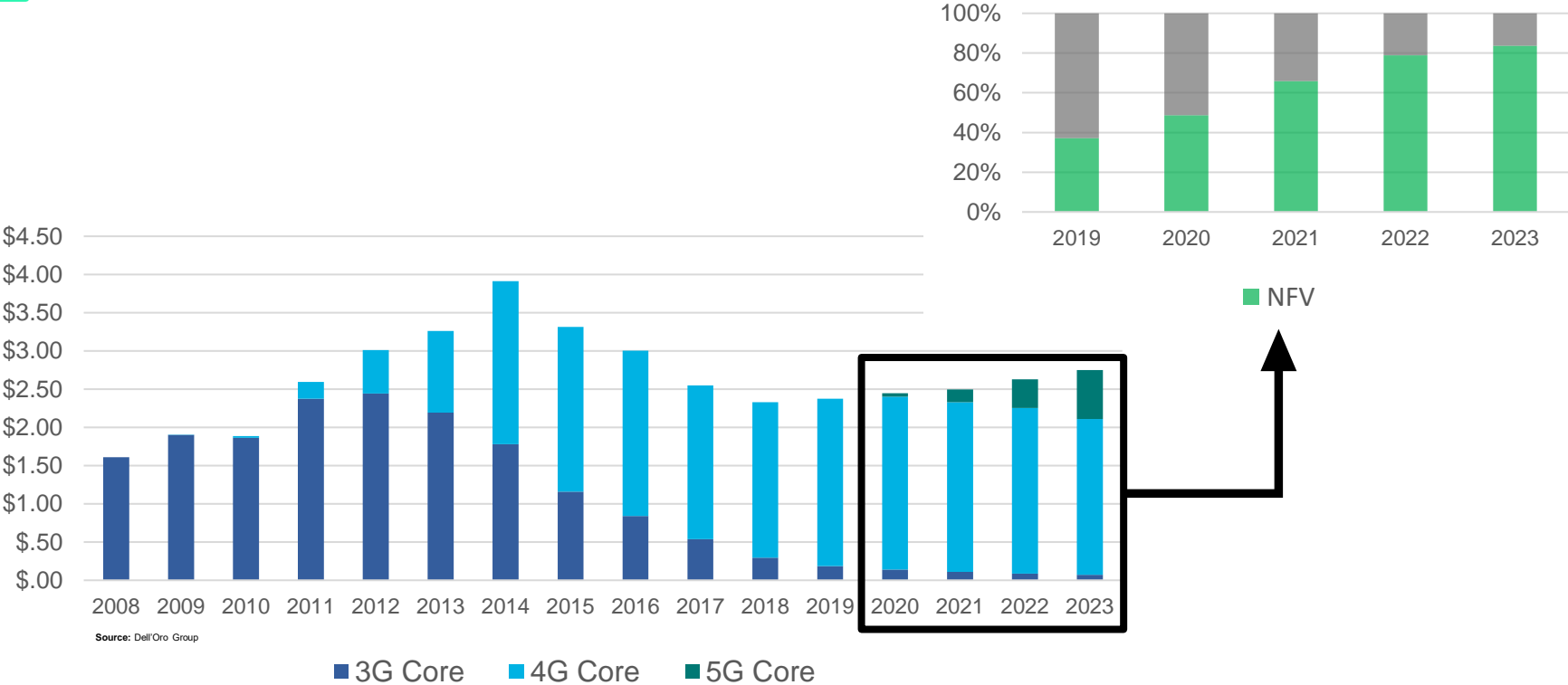Telematics & Smart Grid

Consumer & Industrial IoT

Autonomous Vehicles & Drones

CORE AND RAN INFRASTRUCTURE CAPEX BY MOBILE NETWORK OPERATORS ($B)

Spirent™

Source: Dell'Oro Group

Core   RAN

2G/3G RAN   4G RAN   5G RAN
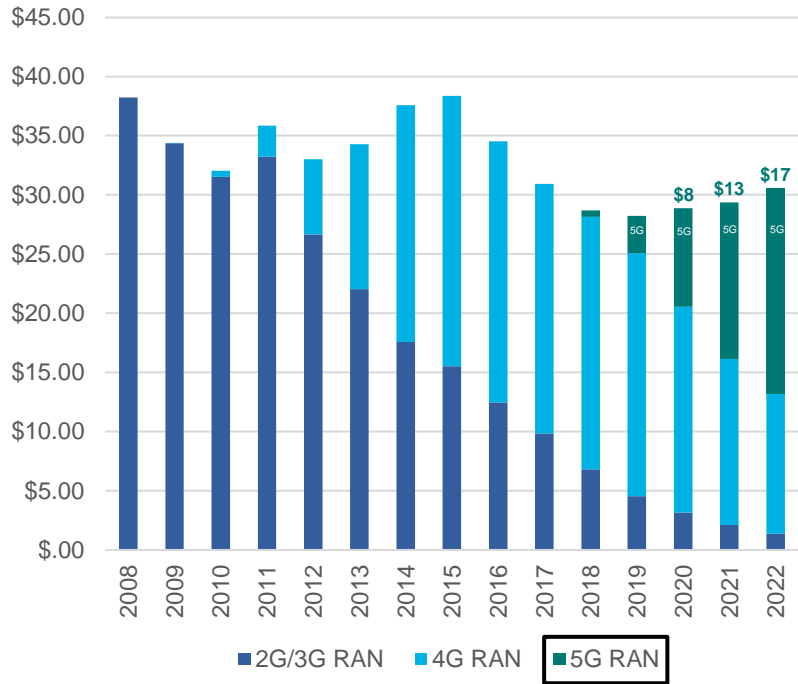
CORE NETWORK–NFV VS. NON-NFV INFRASTRUCTURE SPEND BY MOBILE NETWORK OPERATORS ($B)

Source: Dell'Oro Group

■ 3G Core   ■ 4G Core   ■ 5G Core

■ NFV

LSA CUSTOMER PROFILE

Existing		Target Examples	
Lab Customers	**Live Customers**	**Service Providers & Enterprise'**	**Cloud & Hyperscale Providers**
Landslide	**VisionWorks**	**Landslide + VisionWorks**	**Landslide + VisionWorks**

NEW TECHNOLOGY LIFECYCLE - 5G, CLOUD, SD-WAN, MEC, IOT…

Test	Deploy	Manage	Solve	Optimize
New Technologies & Configurations	Next Generation Infrastructure	New Service Delivery Models	Subscriber Experience Issues	Network as a Revenue Source

COMPETITIVE LANDSCAPE

← **LAB** | **LIVE** →

Test	Deploy	Manage	Solve	Optimize
Spirent	Spirent	Spirent	Spirent	Spirent
Primary KEYSIGHT TECHNOLOGIES	EXFO	ACCEDIAN	NETSCOUT.	InfoVista
Secondary Anritsu	VIAVI	NETSCOUT.	VIAVI	ACCEDIAN

VISIONWORKS PORTFOLIO **TODAY**

VisionWorks

Product Offerings

Buying Centres

Network Assurance	Engineering / Architecture
Service Assurance	Network Operations
Subscriber Assurance	Customer Care

VISIONWORKS PORTFOLIO **TOMORROW**

NETWORK

SERVICE

SUBSCRIBER
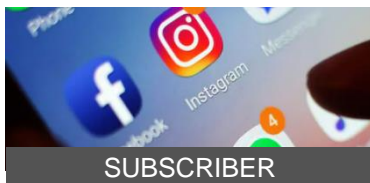
Outcome Driven Services Menu:

✓ Test & Certification

✓ Verification & Validation

✓ Infrastructure Onboarding

✓ Service Activation

✓ Service Delivery

✓ Fault Isolation

✓ Change Management

✓ Network Planning

CIO

CISO

NetOps

SecOps

Network Engineer

Network Architect

Case Study #1
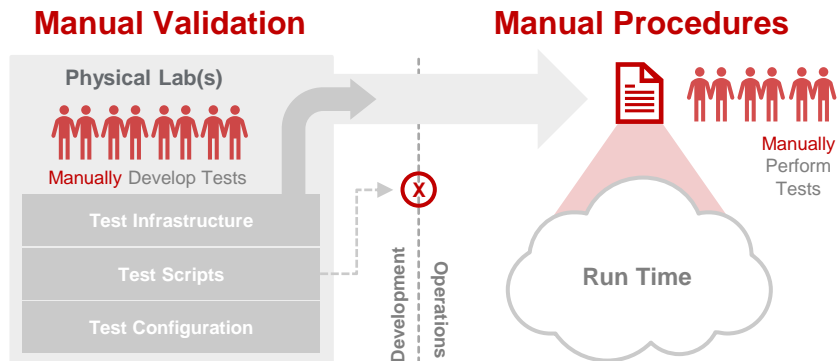
CUSTOMER: Tier-1 Service Provider

SOLUTION: Automated Test-as-a-Service (TaaS)

VALUE: Cost Reduction, Increase Delivery Speed, Reduce Errors
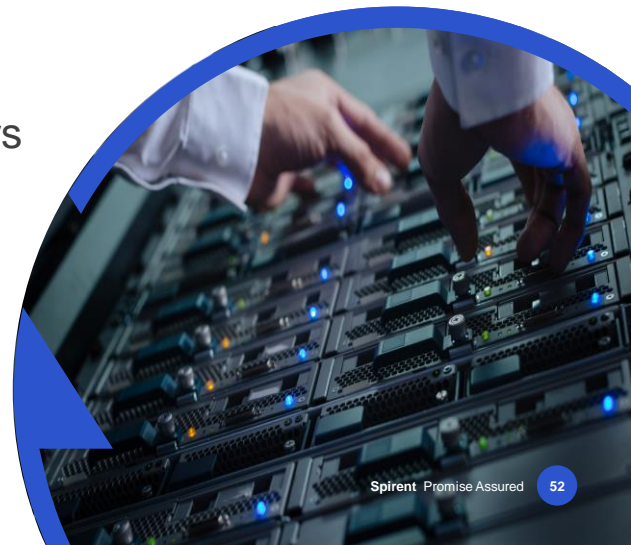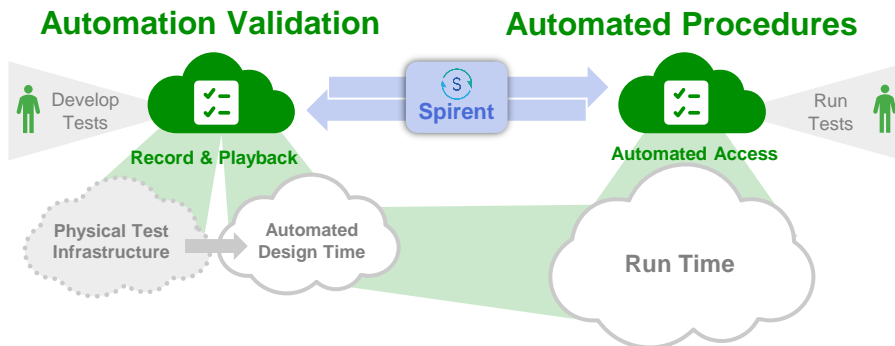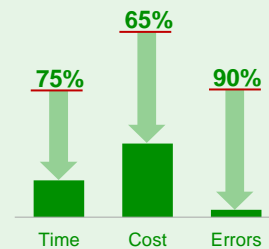
LAB → LIVE VNF ONBOARDING

Current State

Manual Validation

Physical Lab(s)

Manually Develop Tests

Test Infrastructure

Test Scripts

Test Configuration

Development

Operations

Manual Procedures

Manually Perform Tests

Run Time

Before Automation

Time | Cost | Errors

Desired State

Automation Validation

Develop Tests

Record & Playback

Physical Test Infrastructure

Automated Design Time

Spirent

Automated Procedures

Run Tests

Automated Access

Run Time

After Automation

65%

75%   90%

Time | Cost | Errors

Case Study #2

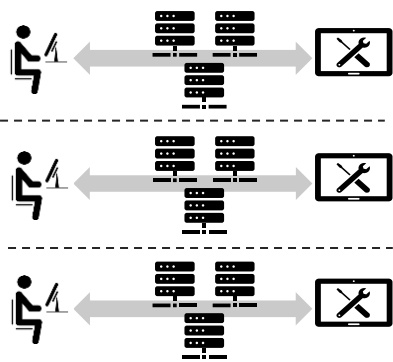**CUSTOMER:** Cloud & Software Platform Provider

SOLUTION: Automated Lab-as-a-Service (LaaS)

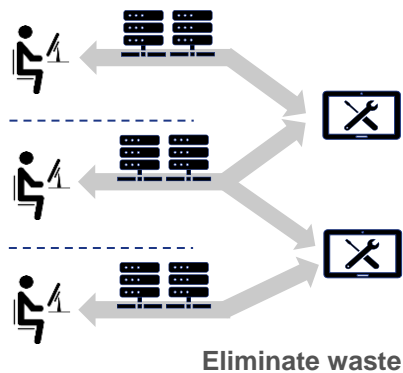**VALUE:** Cost Reduction, Expanded Portfolio, Reduced Footprint
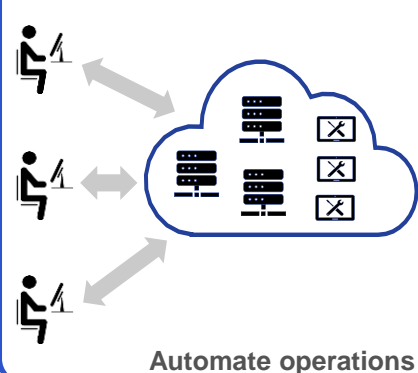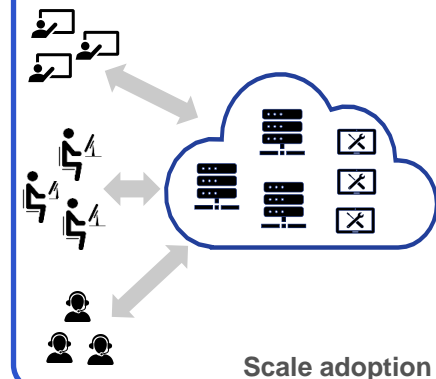
LAB CONSOLIDATION + AUTOMATION
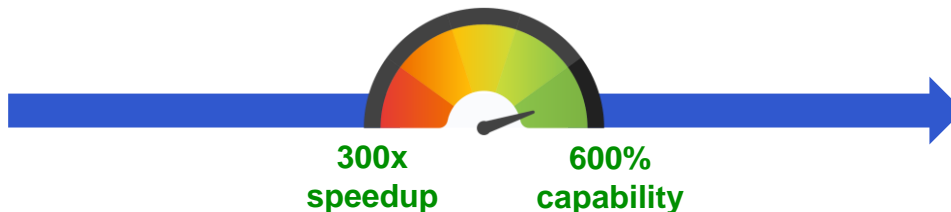

Siloed	Consolidated	Automated	As-a-Service
	Eliminate waste	Automate operations	Scale adoption

Manual Setup

Setup time: **50 hours**

Available testbeds: **3**

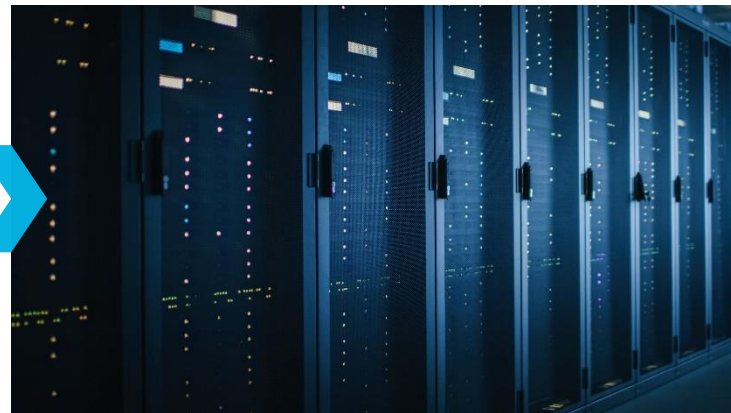**300x speedup** **600% capability**

Automated LaaS

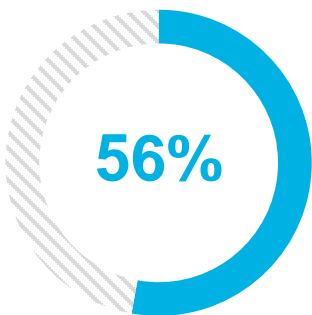Setup time: **10 minutes**

Available testbeds: **22**

PHYSICAL FOOTPRINT CONSOLIDATION

A + B + C + D

= 9,276 sq. ft. Reduction

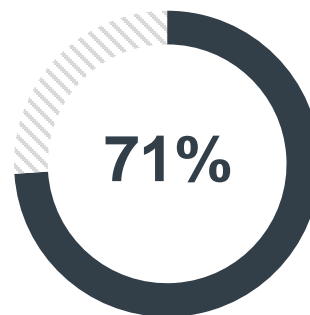# BY THE NUMBERS

Ospirent™

56%

Increase in traffic generator port utilization.

52%
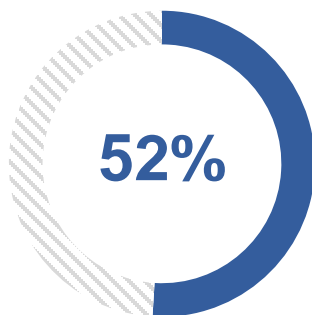
Total number of devices required in the lab.

71%

Data Center footprint from 13,276 to 4000 sq. ft.

37%
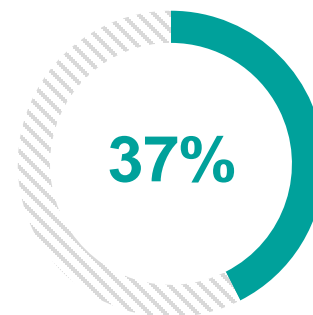
Operating costs: space, power, cooling.

GTM STRATEGY

LSA Today

- On-Premise
- Self-Managed
- Data Center (Core)
- CapEx
- IT Focused

Go-To-Market Evolution

LSA Tomorrow

- Cloud Native
- Managed Service
- Hyperscale (Distributed)
- CapEx and/or OpEx
- IT & Business Focused

DRIVING MOMENTUM

Maintain and grow 5G leadership position in incumbent accounts

Leverage automation as a key differentiator in our portfolio

Reduce cyclicality by accelerating Lab to Live transition

Broaden available market by transitioning from traditional product sales to outcome driven service offerings

CAPITAL MARKETS DAY 2020

Sales – Playing to Win

Manuel Zepeda,

*Executive Vice President
of Global Sales & Services*

Spirent

Spirent™

GLOBAL SALES AT A GLANCE

Highlights

1,100+	50+	8/10	6%
Global Customers Served Annually	Countries Served	Major Telcos	H1 Bookings Growth

Global Sales Footprint

- Americas 53%
- APAC 37%
- EMEA 10%

Global Partner Footprint

- Americas 16%
- APAC 61%
- EMEA 23%
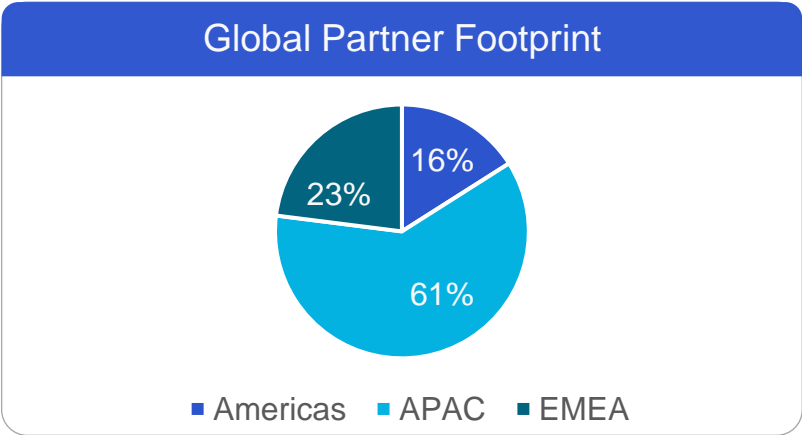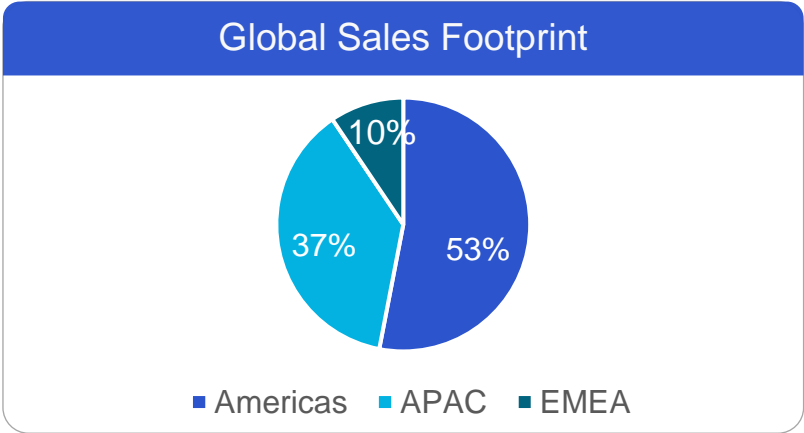
WHERE WE ARE GOING

Spirent Today

- Products & Hardware

- Service Providers and Network Equipment Manufacturers

- Majority Lab Testing

- Technology led

Customer Centricity

Innovation for Growth

Operational Excellence

Spirent Tomorrow

- Increased Solutions, Services and Software

- Strengthen Key Accounts and Diversify Customers

- Push into Live Network by becoming a strategic partner

- Agile, expedient and solution led

EVOLVING SALES TO CAPTURE MARKET OPPORTUNITIES

Understanding the needs of our customers allows us to focus, solve real problems and deliver sustainable profitable growth by:

Sense of Urgency

Expand Key Accounts and into the live network

Offer flexible Solution, Service and Software models, solving bigger problems

Diversify customer base & leverage strong partner ecosystem

DRIVING GROWTH

America

Major focus in:

- Key Accounts
- Service Providers (SPs)
- Multi System Operators (MSOs)
- US Government
- HyperScalers
- Financial Institutions
- Network Equipment Manufacturers (NEMs)
- Chipset Original Equipment Manufacturers (OEMs)

EMEA

Major focus in:

- Key Accounts
- Eastern Europe
- Chipset R&D
- Partners

Japan & Korea

Major focus in:

- Key Accounts
- Partners
- Finance
- SPs

India

Major focus in:

- NEMs
- Government

SE Asia

Major focus in:

- Partners
- SPs

Ospirent™

DRIVING GROWTH IN CHINA

5G — Dominate carrier 5G testing labs
- China Mobile, China Telecom, China Unicom, China Broadcast Network

Gov Lab — Win major government lab projects

Live — Drive assurance into the live network

Enterprise — Deepen channel into new markets e.g. finance

Services — Leverage end to end solutions to create more value

The way — Deepen Key Accounts
Strengthen Services footprint and sell solutions

VERIZON'S 5G DEPLOYMENT

—

SALES – ACT WITH URGENCY

Strengthen our key accounts

Leverage partners worldwide

Drive **innovation** through our service offerings

Deepen our reach with our customers

Use our industry leading expertise to introduce **solutions** into the market

CAPITAL MARKETS DAY 2020

Spirent Services –
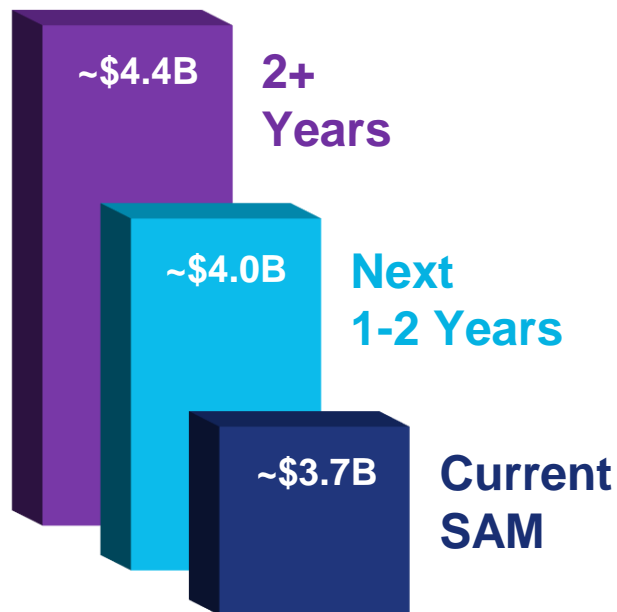# New Horizons

Manuel Zepeda,

*Executive Vice President
of Global Sales & Services*

SPIRENT 2020 SERVICEABLE ADDRESSABLE MARKET (SAM)

Managed Solutions & Infrastructure (SAM)

~$4.4B **2+ Years**

~$4.0B **Next 1-2 Years**

~$3.7B **Current SAM**

Live Network

SD-WAN / VPN

IoT

Mobility

Cloud & Edge

Lab Infrastructure

Router

Switch

NFVi

White Boxes

Wi-Fi

Automotive Ethernet

spirent™

WHY SPIRENT

Trust

Experts

Flexible
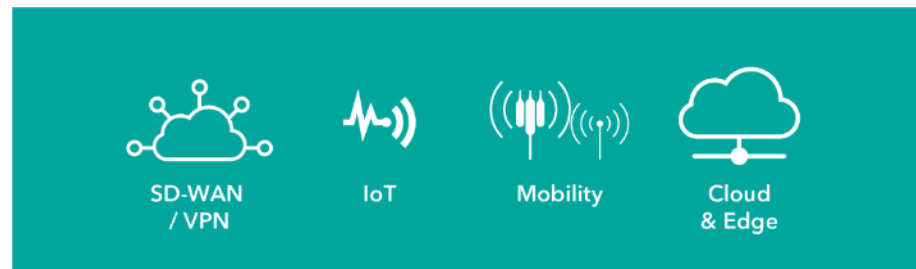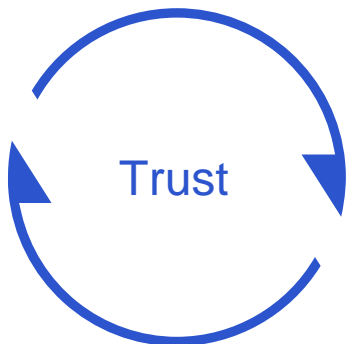
Known and trusted advisor to our customers in the Test and Assurance markets

Currently serve 1,100+ global customers per year
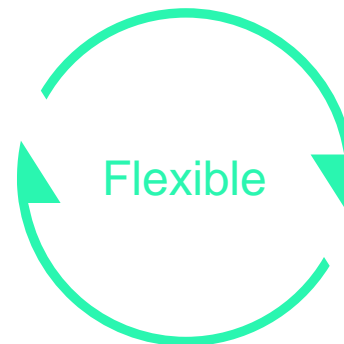
Focus on customer success

SPIRENT SERVICES BUSINESS

Support

Managed Solutions

Professional Services
• Training, Resident Engineers, Implementation

- Growing line of business for Spirent

- Strategic corporate area of focus

- Corporate services team quickly building out a robust portfolio of solutions

- Support cross product group processes and vendor engagement for professional services and support

Spirent™

HOW OUR MANAGED SOLUTIONS SOLVE CUSTOMER PROBLEMS

Lab as-a-Service

300x speedup

600% capability

Test as-a-Service

Test as a Service

Continuous Test

Certification as-a-Service

MEF

Deployment as-a-Service

Maintain

Design

Operational Assurance

Network Validation

TUaas

Operate

Onboard

Service Testing
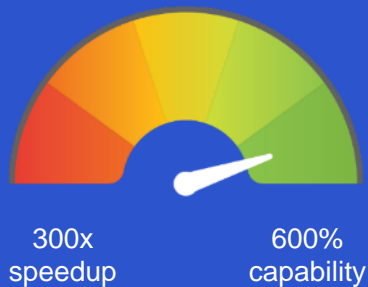
Deploy

5G LAB-AS-A-SERVICE

Situation: OpEx and CapEx requirements to support complex 5G test environments

Solution: Lab-as-a-Service
Fully automated 200k+ 5G test beds

Impact: Reduced test times by 2X, delivered across the globe, reduced CAPEX by 40%

Accelerated 5G Delivery Reduced OpEx and CapEx

5G TEST-AS-A-SERVICE

Situation: Deploy 5G quickly to cope with the complexity of cloud-native architecture

Solution: Test-as-a-Service
Cross-portfolio solution to validate and automate the 5G core

Impact: Enabled customer to automate their testing to continually launch new 5G services

Spirent
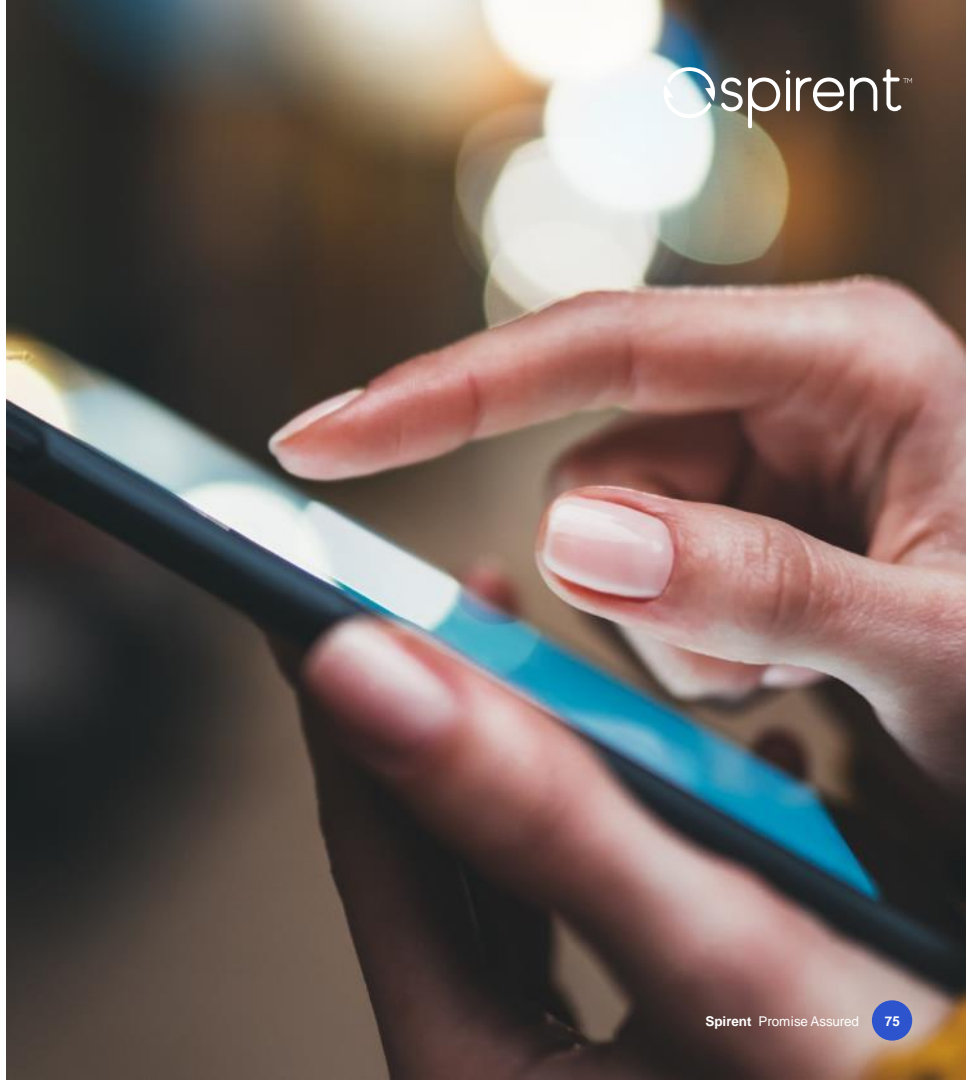
SD-WAN CERTIFICATION-AS-A-SERVICE

Situation: Lack of interoperability standards between devices created high level of complexity, costs and loss of time

Solution: Certification-as-a-Service Certify SD-WAN to comply to industry standards

Impact: Benchmark SD-WAN technology stack across a span of integrated vendors

EDGE CLOUD DEPLOYMENT-AS-A-SERVICE

Situation: Network Provider legacy infrastructure was unable to scale to keep up with edge cloud deployments

Solution: Deployment-as-a-Service Managed and automated services for rapid testing, turn-up and monitoring

Impact: Automated deployment for new edge cloud sites, verifying capacity and performance and reliably

BUILDING A STRONG FOUNDATION FOR GROWTH

Formation of centralized Services team

Expanded services offerings that leverage our technology strength

Building a robust pipeline

Strong partner relationships enabling scalability

Key wins in major customers

GROWTH PERFORMANCE TO DATE

Revenue ($m)

5% p.a.
2018, 2019

2015	2016	2017	2018	2019
477.1	457.9	454.8	476.9	503.6

Gross margin (%)

+364
bps

2015	2016	2017	2018	2019
69.5%	70.8%	71.5%	72.2%	73.2%

Operating margin (%)

+963
bps

2015	2016	2017	2018	2019
8.8%	10.2%	13.0%	16.2%	18.4%

Adjusted operating profit ($m)

22%
CAGR

2015	2016	2017	2018	2019
42.1	46.5	58.9	77.1	92.9

Net cash ($m)

16%
CAGR

2015	2016	2017	2018	2019
102.0	96.1	128.4	121.6	183.2
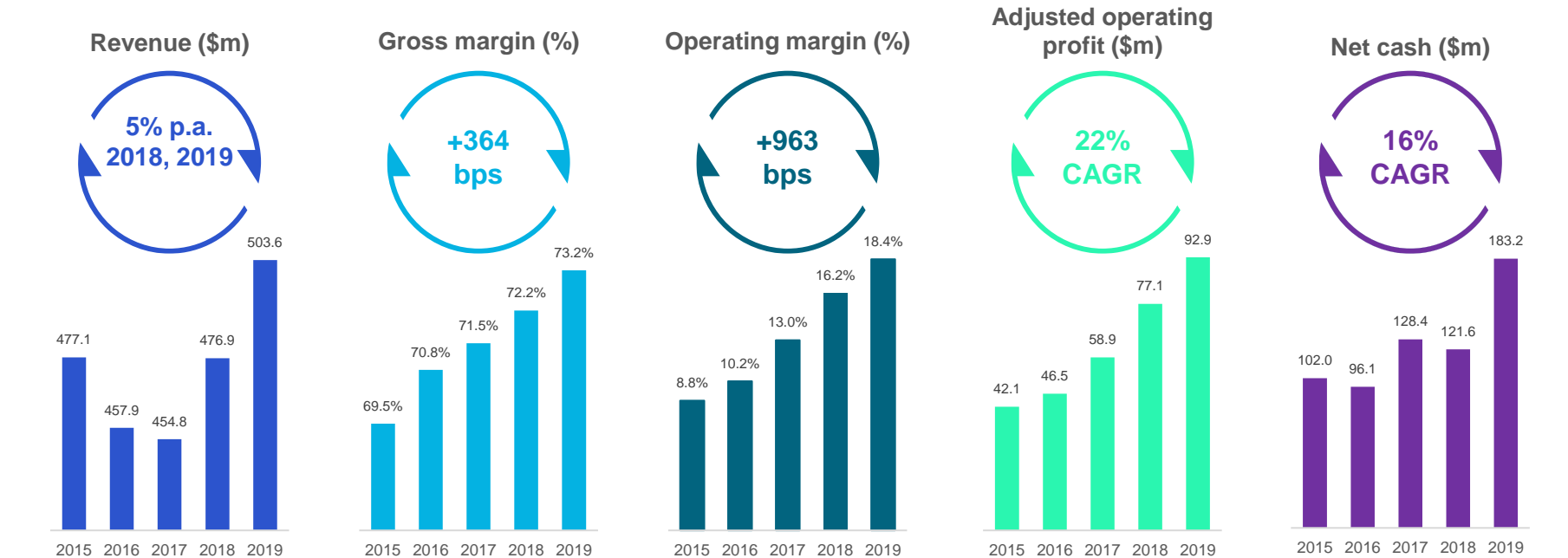
Strong momentum | Operational effectiveness | Strong balance sheet

TO DELIVER SUSTAINABLE PROFITABLE REVENUE GROWTH

Growth Drivers → **Investments** → **Financial Targets** → **Capital Allocation**
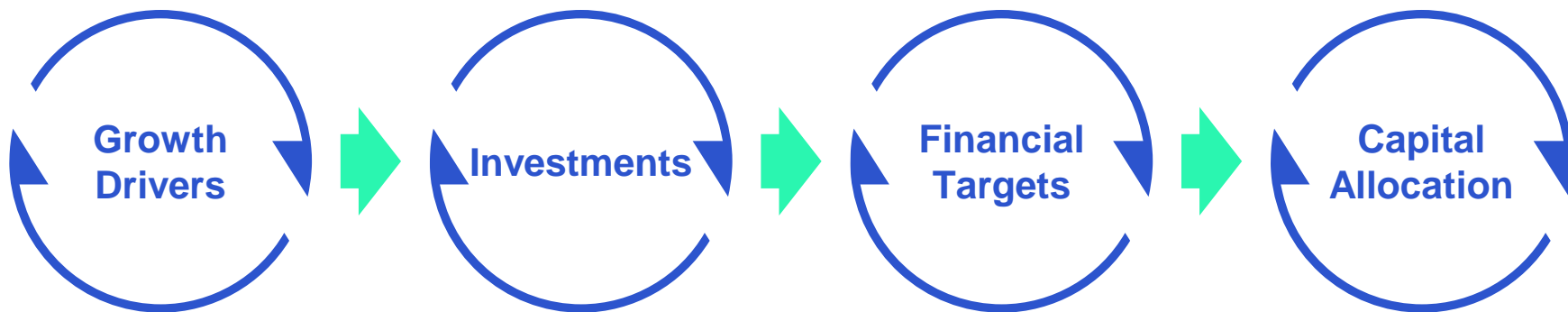
GROWTH TRENDS & DRIVERS

5G to 6G over time – supporting ever increasing communication needs

Networks & Security
- Infrastructure for 5G rollout and beyond
- Increasing risk mitigation for cybersecurity
- GNSS – increasing need for time and positioning

Lifecycle Service Assurance
- Lab to live
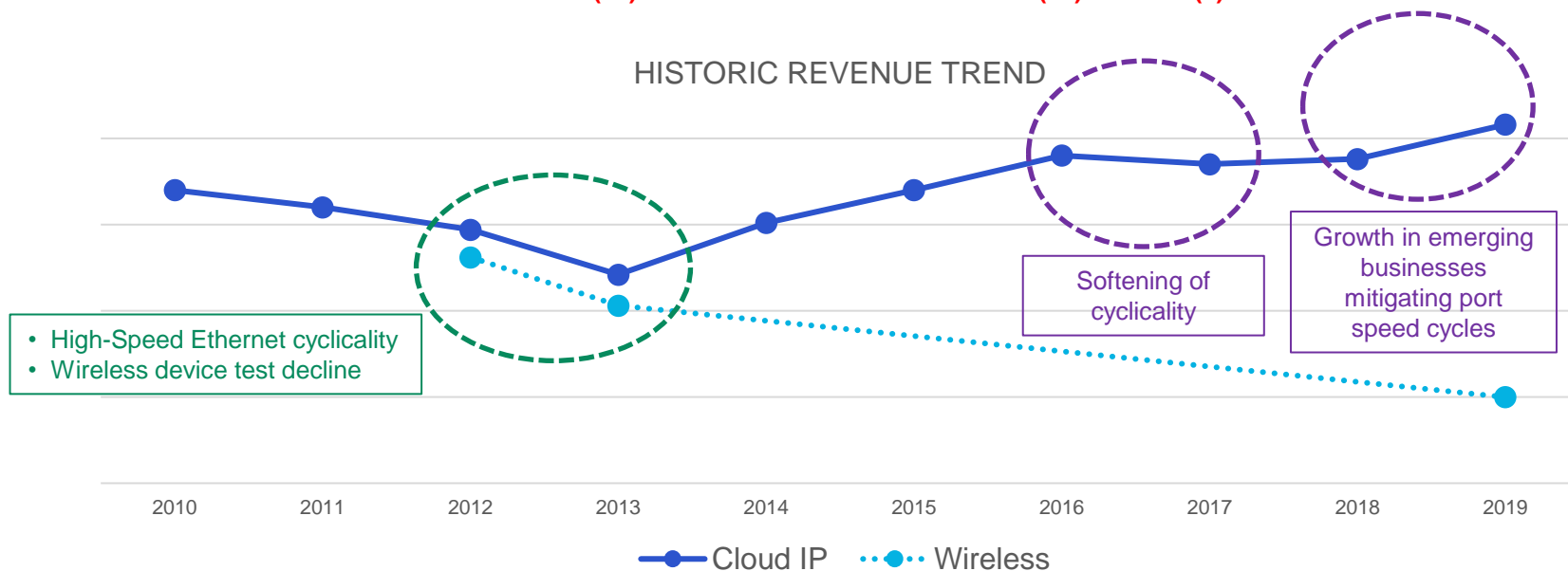- Customer network optimisation and cost saving

Connected Devices
- 5G device test demand
- Potential for 5G test of Internet of Things

Portfolio Sales

TECHNICAL CYCLICALITY

spirent™

$m	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Group Revenue	423	471	472	414	457	477	458	455	477	504
Yearly Delta	0	48	2	**(59)**	44	20	**(19)**	**(3)**	22	27

HISTORIC REVENUE TREND

• High-Speed Ethernet cyclicality
• Wireless device test decline

Softening of cyclicality

Growth in emerging businesses mitigating port speed cycles

2010   2011   2012   2013   2014   2015   2016   2017   2018   2019

Cloud IP   Wireless

FOCUS ON DRIVING LAB TO LIVE – DRIVES SOFTWARE

Customer type

Government

Other

Enterprise

NEMs

Service providers

Focus areas

- Lab to live

- Increasing software content

- Increasing multi-year contracts

- Services offerings

Services opportunity

Hardware

Software

Managed Solutions

Support & Professional Services
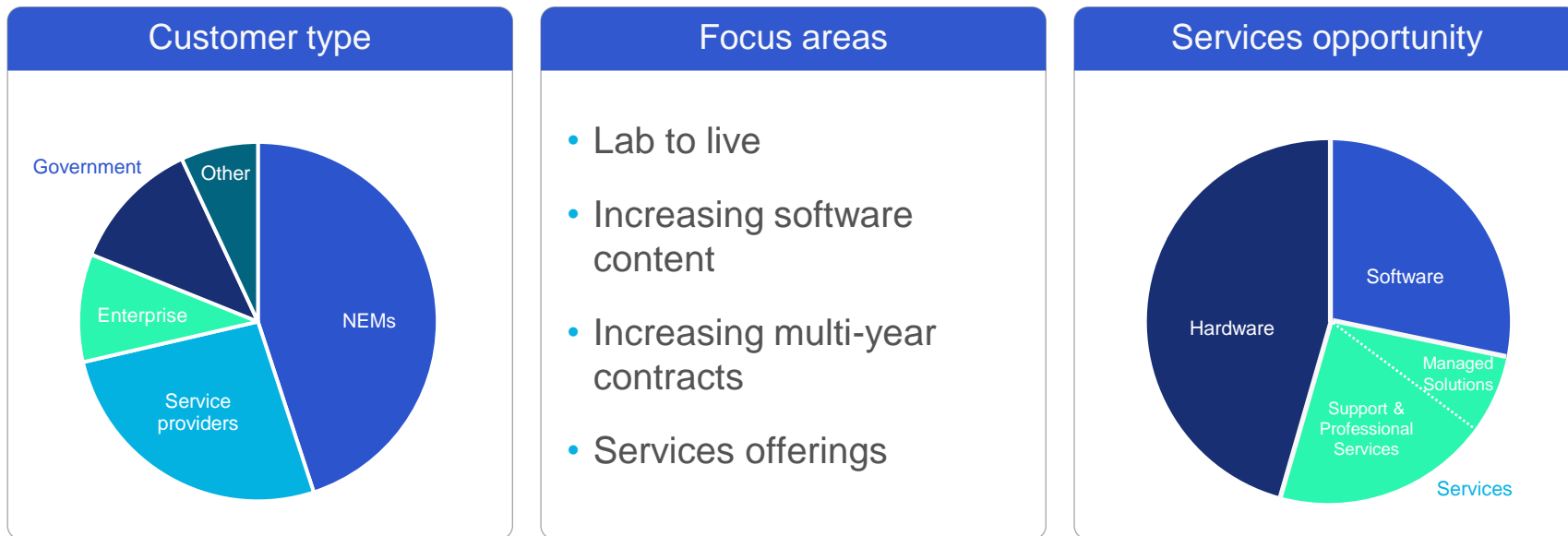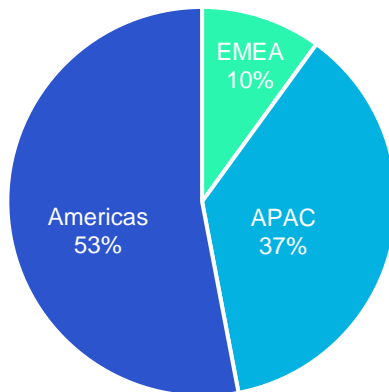
Services

- High-Speed Ethernet – high switching costs can make revenue streams 'sticky'
- Moving from lab to live drives more software content – maintains strong gross margin
- New focus on driving services revenue from managed solutions opportunities

STRONG DIVERSIFICATION

Revenue by customer

8%
7%
6%
6%
58%

Revenue by geography

EMEA
10%
Americas
53%
APAC
37%

Revenue by segment

Connected
Devices
14%
Lifecycle
Service
Assurance
22%
Networks &
Security
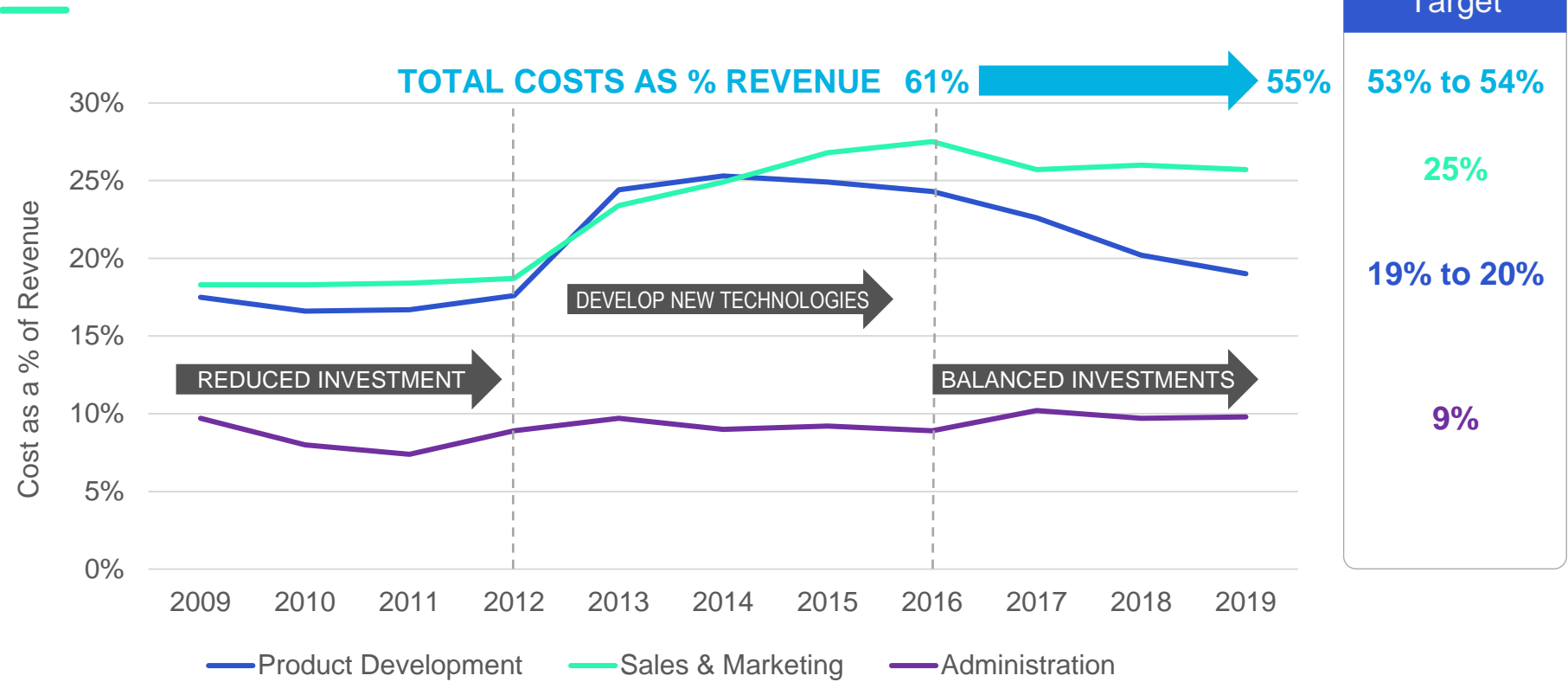64%
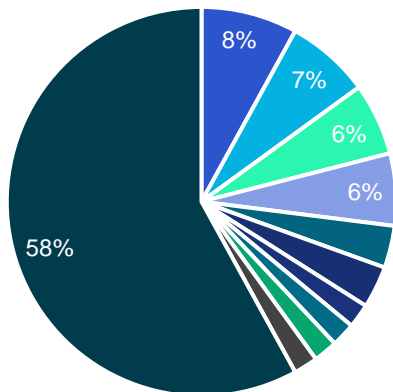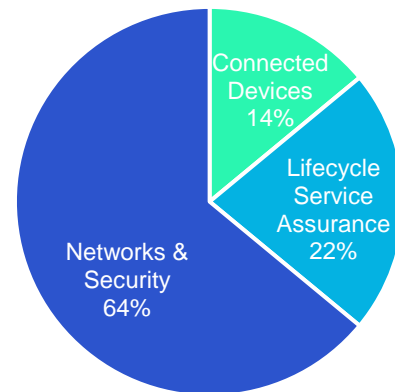
- US/China trade challenges managed well
- Good portfolio balance with no overweight customer dependency; top 10 customers = 42% of revenue

2019 data

INVESTMENTS – TARGET OPERATING MODEL

TOTAL COSTS AS % REVENUE 61% → 55%

Target
53% to 54%
25%
19% to 20%
9%

DEVELOP NEW TECHNOLOGIES

REDUCED INVESTMENT

BALANCED INVESTMENTS

Cost as a % of Revenue

Years: 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019

— Product Development — Sales & Marketing — Administration

Ospirent™

INVESTMENTS – M&A

Growth acceleration

- Corporate development resource added
- Strategic acceleration
- Focus on targets:
  - Buy vs build/technology add-ons
  - Unique differentiation
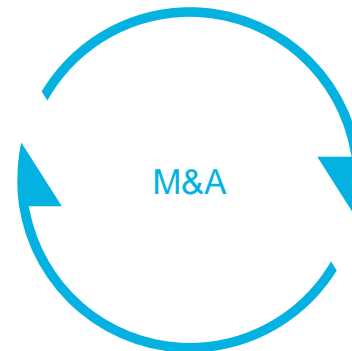 - Expand customer base

MEDIUM TERM TARGETS

Circa 5% organic revenue growth

- Recurring revenue
- Software ⎫
- Services ⎭ Neutral impact to gross margin
- Lab to live
- Technical cyclicality mitigation

Maintain strong gross margin %
Progressive operating margin

- Potential for operational leverage and/or increased product development investment

M&A

- Accelerate strategy
- Drive faster growth and leverage

CAPITAL ALLOCATION

- Healthy & focused investment (Opex and Capex)

- Progressive dividend policy (2-2.5 x earnings cover)

- Disciplined approach to M&A

  – Robust performing targets

  – Growth enablers to new customers/ new adjacencies

  – Technology bolt-ons

- Returns to shareholders

EPS (adjusted basic) (cents)

Year	Value
2015	5.00
2016	5.29
2017	7.55
2018	10.86
2019	13.40
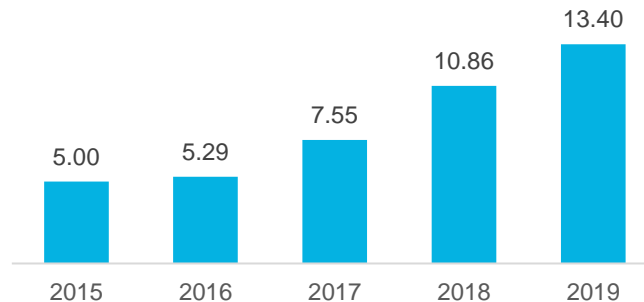
Dividend per share (cents)

Year	Value
2015	3.89
2016	3.89
2017	4.08 (Special dividend, 5.00)
2018	4.49
2019	5.39

DRIVING SUSTAINABLE GROWTH

- 5G and 400G high-speed Ethernet upcycles

- Growing software and services

- Multi-year orders drive improved visibility

- New markets

  – Cloud

  – Navigation and timing

- Accelerated growth possible with targeted M&A

- Effective operating model – healthy investment levels

- Strong financial management to drive operating margin and high cash conversion

KEY TAKEAWAYS

Talented team executing on strategy to seize opportunities

Partnering with customers to solve bigger business problems

Focused investment driving sustainable growth

Solutions and services to expand leadership and decrease cyclicality

Continuing to raise the bar, even through tough times

Ospirent™

Questions?

Phone numbers

United Kingdom: 0800 640 6441
United Kingdom: (Local) 020 3936 2999

All other locations: +44 20 3936 2999

Participant access code: **076374**

Eric Updyke
CEO

Paula Bell
CFO/COO

Abhitesh Kastuar
GM Cloud & IP

Doug Roberts
*GM Lifecycle
Service Assurance*

Manuel Zepeda
*EVP Global Sales
& Services*