

SPIRENT COMMUNICATIONS PLC Trading Update 2020

London, UK – 18 January 2021: Spirent Communications plc (“Spirent”, the “Company” or the “Group”) (LSE: SPT), the leading provider of test, assurance, and analytics solutions for next-generation devices and networks, today issues the following Trading Update for the 2020 year, noting all financial results are subject to external audit.

Group performance

We delivered good momentum in the final quarter of 2020, despite continued global challenges to manage through this difficult COVID-19 period. We secured a number of key contract wins across the portfolio, serving as important proof points that our strategy is working. Our customers continue to invest in 5G-related infrastructure, devices and services, a trend we expect to continue.

For the full year, revenue grew by 4 per cent to \$522 million and we expect to deliver an adjusted operating profit¹ in line with market consensus², which represents strong earnings growth over 2019. Adjusted operating margin has increased to almost 20 per cent from 18 per cent in 2019.

In the final quarter we benefited from strong growth from our Lifecycle Service Assurance business driven by increased demand for both lab and live assurance solutions as the 5G network continues to roll out. We also experienced some delay for high-speed Ethernet testing by service providers as COVID-19 impacted customer spending patterns.

In the latter part of the year we saw some positive bounce back for our Positioning products, and strong demand for our new 5G device testing resulted in full year revenue growth for Connected Devices slightly ahead of our expectations.

Despite market uncertainty caused by the pandemic, we continued to invest in the business to ensure we maximise our mid-term growth potential. Further progress is being made to evolve our organisational structure to support our growth plans. From 1 January the Connected Devices business will be merged into our Lifecycle Service Assurance segment to provide comprehensive end-to-end lab and live solutions to customers. In addition, the formation of a new CTO office (Chief Technology Office) will ensure we drive effectiveness in our technology investments across our portfolio and are optimally placed to develop business solutions for our customers in existing and new markets as they emerge.

Cash closed at \$241 million, with high cash conversion driven from continued strong working capital management. Ahead of announcing the preliminary results of the Group, and in line with its existing policy, the Board intends to review the Group's cash position in light of the outlook, investment opportunities, and other factors. To the extent the Board determines that the Group has excess cash, the Board will look to return it to shareholders.

Commenting on the results, Eric Updyke, Chief Executive Officer, said:

“We have successfully managed through a difficult environment in 2020 and I am delighted we are making strong progress with our strategic agenda. We delivered another year of revenue and earnings growth and, although we experienced some softness in the latter half of the year due to timing of expenditure by global service providers, the 5G-driven momentum in our Lifecycle Service Assurance business continues to be strong.”

“Supported by a strong financial and operational platform, we begin the new financial year well placed, with our main drivers intact and with leading technology solutions across our portfolio. However, the ongoing COVID-19 impact on customer spending patterns remains a headwind and as a result we expect growth to be second half weighted.”

Spirent expects to announce its full year results for the financial year ended 31 December 2020 on Thursday, 11 March 2021. The Company will publish a recorded presentation at 7.00am UK time on its website and will also host a live, virtual results Q&A session for the analyst community at 12.30pm UK time on Thursday, 11 March 2021.

- ends -

Notes

1. Adjusted operating profit is before charging exceptional items, acquisition related costs, acquired intangible asset amortisation and share-based payment.
2. Management believes consensus expectations for adjusted operating profit for the year to be \$101.5 million, with a range of expectations of \$98.4 million to \$107.1 million.

Enquiries

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About Spirent Communications plc

Spirent Communications plc (LSE: SPT) is the leading global provider of automated test and assurance solutions for networks, cybersecurity, and positioning. The Company provides innovative products, services and managed solutions that address the test, assurance and automation challenges of a new generation of technologies, including 5G, SD-WAN, cloud, autonomous vehicles and beyond. From the lab to the real world, Spirent helps companies deliver on their promise to their customers of a new generation of connected devices and technologies. Further information about Spirent Communications plc can be found at <https://corporate.spirent.com/>.

Spirent Communications plc Ordinary Shares are traded on the London Stock Exchange (ticker: SPT; LEI: 213800HKCUNWP1916L38). 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 <http://www.otcmarkets.com/marketplaces/otc-pink>.

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