

2014 Preliminary Results

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Rachel Whiting, Chief Financial Officer

Safe harbour statement



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2014 – a year of progress



Significant progress achieved:

- Reorganisation has re-energised the Company
- Expanding served markets; 5 acquisitions completed in 2014 at a total cash cost of \$86m
- Additional investment ongoing for further revenue growth from H2 2015
- Revenue up 11%
- Growth in all divisions and all regions

There were of course challenges:

- Major customer reorganised slowing revenue in Q3
- Pause in spending caused by transition to virtual
- Cyber security progress was slower than planned

2014 KPIs⁽¹⁾



103

Book to Bill
(2013:105)

\$457.2m

Revenue
(2013: \$413.5m)

\$46.0m

Operating Profit⁽²⁾
(2013: \$50.1m)

10.1%

Return on Sales⁽²⁾
(2013: 12.1%)

\$10.7m

Free Cash Flow
(2013: \$43.9m)

5.82c

Adjusted EPS⁽²⁾⁽³⁾
(2013: 5.71c)

Notes: (1) Continuing operations

(2) Before exceptional items, share-based payment, acquired intangible asset amortisation and impairment and acquisition expense

(3) Before prior year tax and tax on items in note (2)

Comparative results 2014



(\$ millions)	2014	2013
Revenue	457.2	413.5
Gross Profit	316.3	286.8
Gross Margin	69.2%	69.4%
Product development	115.4	100.5
Selling & distribution	113.5	96.6
Administration	41.4	39.6
Operating Profit⁽¹⁾⁽²⁾	46.0	50.1
Return on Sales⁽¹⁾⁽²⁾	10.1%	12.1%
Exceptional and other items ⁽³⁾	22.3	11.0
Reported Operating Profit	23.7	39.1
Net finance income	0.4	-
Profit before Tax	24.1	39.1
Tax	3.5	6.4
Net Income	20.6	32.7
Basic EPS (cents)	3.35	5.10
Adjusted EPS⁽¹⁾⁽²⁾⁽⁴⁾ (cents)	5.82	5.71

- Revenue up 11%, all divisions and geographic regions grew
- Acquisitions contributed revenue of \$18.6m
- Underlying book to bill ratio of 103
- Operating profit reflects increased organic investment of \$24.4m
- Tax rate 22.0% lower due to geographic mix of profits and US R&E tax credits
- Final dividend up 10% to 2.21 cents

Notes: (1) Before exceptional items

(2) Before other items

(3) Other items are share-based payment, acquired intangible asset amortisation and impairment and acquisition expense

(4) Before prior year tax and tax in respect of items in note (1) and (2)

(\$ millions)	2014	2013
Revenue	221.5	213.4
Gross Profit	151.3	145.2
Gross Margin	68.3%	68.0%
Product development	59.7	55.1
Other expenses ⁽¹⁾	84.0	76.9
Operating Profit⁽¹⁾	7.6	13.2
Return on Sales⁽¹⁾	3.4%	6.2%

- Growth despite Q3 slowdown
- Strong growth in Mobility and ITO & Solutions revenue
- Gross margin from increased revenue offset by additional investment
- Built leadership in software-defined networking and network functions virtualization (“SDN/NFV”)
- Success with virtual solutions – triple digit growth

(1) Before exceptional items

Wireless & Service Experience



(\$ millions)	2014	2013
Revenue	178.6	167.7
Gross Profit	121.5	116.4
Gross Margin	68.0%	69.4%
Product development	43.2	37.6
Other expenses ⁽¹⁾	54.3	45.0
Operating Profit⁽¹⁾	24.0	33.8
Return on Sales⁽¹⁾	13.4 %	20.2%

- Acquisitions of Radvision TBU and TT contributed \$6.5m
- China 4G LTE ecosystem drives wireless business
- Increased investment offset gross margin from revenue growth
- Established VoLTE and RCS test leadership
- Government spending restrictions limit Positioning growth
- Won market share with new multi-GNSS solution

(1) Before exceptional items

Service Assurance



(\$ millions)	2014	2013
Revenue	57.1	32.4
Gross Profit	43.5	25.2
Gross Margin	76.2%	77.8%
Product development	12.5	7.8
Other expenses ⁽¹⁾	10.3	8.4
Operating Profit⁽¹⁾	20.7	9.0
Return on Sales⁽¹⁾	36.3%	27.8%

- Need for virtualization caused a pause in spend from carriers
- Acquisitions of DAX and Mobilethink contributed \$12.1m
- Revenue up significantly on field test revenue of \$12m
- Second phase of large field test order \$16m received for H2 2015 delivery
- New product launches including Spirent TestCenter Live Virtual Probe and new LTE capability for CEM (“DAX”)

(1) Before exceptional items

Free cash flow

(\$ millions)	2014	2013
Operating Profit	23.7	39.1
Depreciation and loss on disposal	19.7	16.5
Intangible amortisation and share-based payment	15.7	8.7
Working capital, provisions and pensions	(10.2)	9.2
Cash Flow From Operations	48.9	73.5
Tax	(7.2)	(6.1)
Net Cash Flow From Operating Activities	41.7	67.4
Net interest income	0.6	0.8
Net capital expenditure	(31.6)	(24.3)
Free Cash Flow	10.7	43.9
Acquisitions	(85.9)	-
Dividends and share buyback	(38.6)	(76.9)
Other	-	0.5
Exchange	(2.6)	0.1
Closing Cash And Cash Equivalents	99.8	216.2

- High activity at end of Q4 resulted in working capital increase unwinding in Q1 2015
- Higher capex includes \$9.5m for new improved US leasehold facilities

2014 Full Year Results

Eric Hutchinson, Chief Executive Officer

2015 – dynamic change



Fundamental changes in our industry

Mobility: wireless, the access technology of choice

Virtualization

Cyber security

Complexity

Blurring of the line between lab and live testing

Information as a resource

Unrivalled breadth of expertise in testing methodologies



Ethernet – cloud, virtual, high-speed (100G, 400G)

Applications and security – realism at scale, GNSS vulnerability

Evolved packet core – complexity simplified

Test automation and orchestration

Mobile device performance – lab and live; interoperability

Data analytics; live network operations; end to end solutions

Technology and market changes offer opportunities

Assure that critical connectivity technologies perform:

- Mobile infrastructure and services
- High-speed Ethernet
- Cloud and Virtualization
- Network security
- Analytics



Mobile networks: Focus on seamless mobility

Served Market \$140m
CAGR 12%



Evolution of packet core networks

vEPC deployments in 2015

Monetising LTE investment with new services

71 carriers are testing VoLTE in 2015

Roaming to/from Wi-Fi

Carrier Wi-Fi market doubling YoY – Infonetics

Seamless user experience

Diameter traffic doubling – 44M messages per second in 2015



New wireless services: How well do they function?

Served Market \$175m
CAGR 5%



- “Elevate” test framework
 - Only solution optimized for device-to-device testing of wireless services such as VoLTE and RCS
 - VoLTE/RCS interoperability is a major issue
- Developer tools – Radvision TBU acquisition (July 2014)
 - Library of tools, stacks and clients for voice and video over IP
 - Critical enabler of Elevate

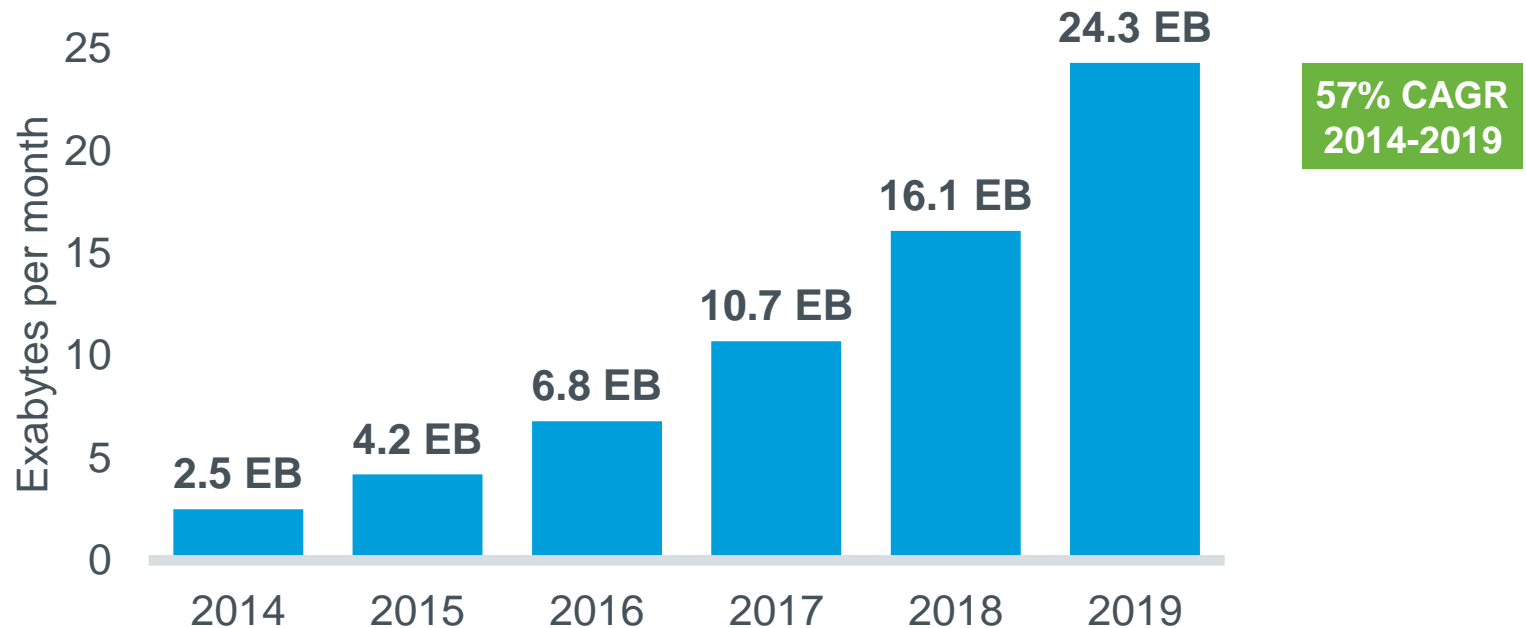


High-speed Ethernet: Exponential growth in data traffic

Served Market \$500m
CAGR 5%



- Networks transitioning to 100G – later to 400G
- Network disruptions have bigger impact
- Industry expertise in testing at 100G/400G is gapped
- Requires sophistication and high precision in test solutions



Source: Cisco VNI Mobile 2015

Cloud and virtualization: Transition brings complexity

Served Market \$110m
CAGR 40%



60% of IT leaders are concerned that cloud providers don't appreciate how complex legacy ICT systems are, and fear migration to the cloud could fail

- Forbes: CIOs on Cloud Computing Adoption

Managing the complexity of ever expanding demands on a shared infrastructure

Software-defined networking

Network functions virtualization

Elastic performance



Service availability

Virtual infrastructure

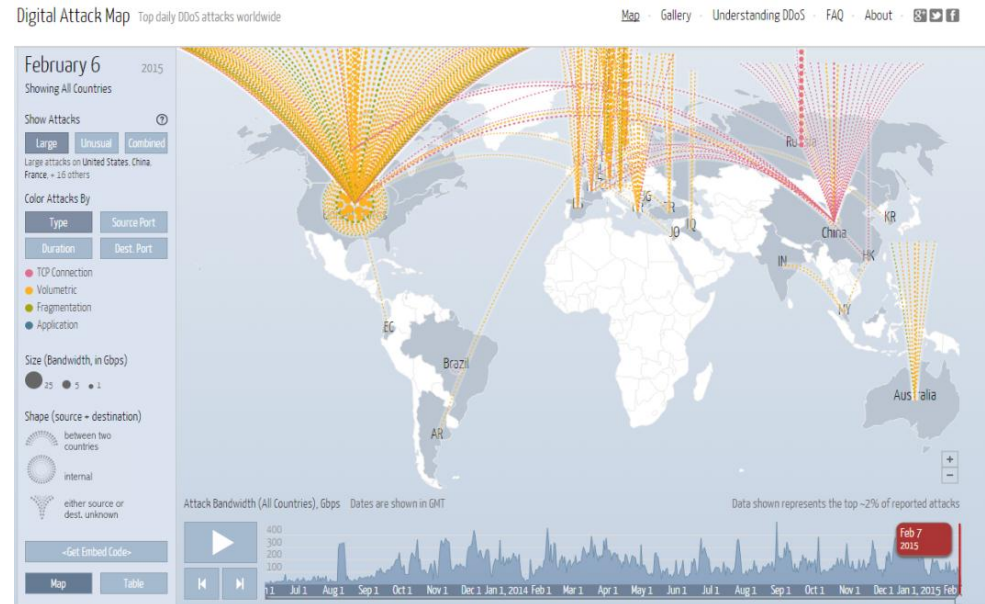
Multi-tenancy

Network security: More critical than ever

Served Market \$140m
CAGR 11%



- Cyber warfare from different regions of the world
- Malware intrusion into network
- Finding & resolving exploits before others do
- Protecting against application and protocol fuzzing
- GNSS vulnerability



Source: Digital Attack Map

Anthem

80 million personal
data records stolen
—Feb 2015

J.P.Morgan

Data on 76 Million
households and &
7 Million small
businesses stolen
—Oct 2014

SONY®

Attack, allegedly by
North Korea, estimated
to cause \$170M+ in
losses
—Nov 2014

Improving the user experience: Analytics

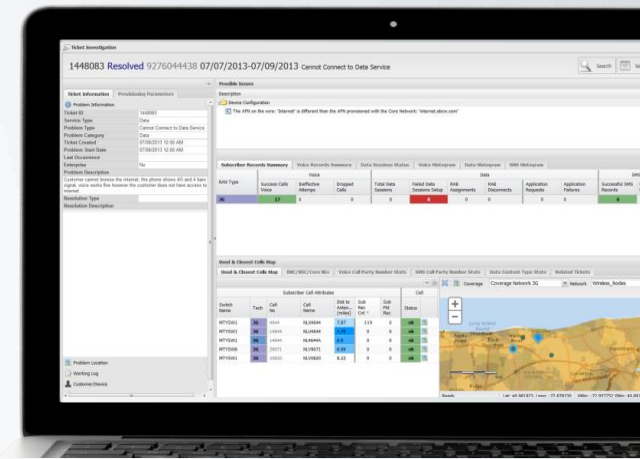
Served Market \$220m
CAGR 20%



■ Customer Experience Management – DAX Acquisition (February 2014)

- Gives operators real-time insights into their customers' experience
- Provides actionable end-to-end analytics to operations, support, marketing and engineering teams

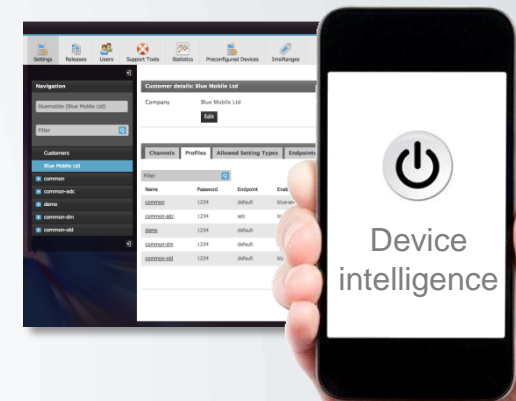
Spirent InTouch



■ Device Intelligence – Mobilethink/Tweakker Acquisition (September 2014)

- Live network device configuration for operators and MVNOs
- Large database on virtually every mobile device
- Analytics provides deeper insight into subscriber behavior at the device level

Spirent Mobilethink



Investing in the business for long term growth



Agile organisation

New hires and internal promotion

Outsourcing to give flexibility

Partnerships

Open platform

Focused M&A

Channels to market

World class development and customer labs

Demonstrating progress



80+ releases of new solutions and new functionality in 2014

New solutions delivered to the market include:

- 100 GbE and SDN enhancements

- VoLTE and RCS test capabilities

- “Elevate” wireless IoT platform

- Next generation GNSS platform

- “Quantum” mobile device battery life solution

- Virtual network probes

- Velocity open-framework, cloud-based platform

Strong pipeline for 2015...

Summary and outlook

Delivering revenue growth

Releasing new innovative solutions

Organisation set up to be much more responsive to customer and market needs

Investing to expand capabilities and increase sales/marketing reach

Outlook:

- A slow start compared to first quarter 2014 and a major contract timing shift to second half
- Increased level of demand as the year unfolds

Further progress expected for full year 2015



2014 Preliminary Results

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