News Release

SPIRENT COMMUNICATIONS PLC

INTERIM MANAGEMENT STATEMENT

London, UK – 24 October 2013: 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 from 30 June 2013 to date. Unless otherwise stated the financial information is for the three months ended 29 September 2013.

Trading to date

Revenue for the third quarter was in line with our expectations, with order intake similar to the same period last year. Conditions continued to be volatile; in particular, uncertainty in demand was exhibited by customers for wireless device test solutions due to the significant changes taking place in the industry.

Fourth quarter order intake is tracking to plan with continued underlying improvement. The outlook for revenue, however, will be impacted by delays imposed by customers for the acceptance of systems originally scheduled before the end of the year. This will have the effect of delaying revenue recognition on these firm orders until the first half of 2014; the impact will be in the region of $12 million.

Results summary

The results for the third quarter and for the first nine months of 2013 for the continuing Group are set out below:

$ million	**2013 3rd quarter**	2012[1] 3rd quarter	**2013 9 months YTD**	2012[1] 9 months YTD
Reported				
Revenue	**107.7**	111.7	**298.1**	347.8
Operating profit	**13.3**	25.6	**27.8**	78.3
Basic earnings per share (cents)	**1.51**	2.67	**3.58**	8.18
Free cash flow[2]	**3.5**	14.8	**30.2**	59.3
Adjusted				
Operating profit[3]	**16.1**	27.9	**34.3**	87.0
Basic earnings per share[4] (cents)	**1.79**	3.02	**3.82**	9.35

Notes
1. Restated for the implementation of IAS 19 "Employee Benefits".
2. Operating cash flow after tax, net interest and net capital expenditure.
3. Before exceptional items, acquisition related costs, acquired intangible asset amortisation and share-based payment.
4. Adjusted basic earnings per share is based on adjusted earnings as set out in note 3 of Notes to the Interim Management Statement.

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Highlights - third quarter 2013

Financial

- Group revenue of $107.7 million (Q3 2012: $111.7 million), representing a sequential increase of 15% on the previous quarter;
- Book to bill ratio for the Group was 94 (Q3 2012: 92) with near term caution restraining growth in order intake in the quarter;
- Adjusted operating profit was $16.1 million (Q3 2012: $27.9 million), impacted by loss of gross margin on reduced revenues and an increased investment in product development of $4.2 million;
- Adjusted basic earnings per share was 1.79 cents (Q3 2012: 3.02 cents); and
- Closing cash was $230.1 million at 29 September 2013 (30 June 2013: $246.9 million) after share buybacks and dividends paid in the quarter totalling $22.0 million.

Operational

Spirent continues to invest in its solutions portfolio to address the key industry trends and in the period launched:

- A new security test platform, Avalanche NEXT, a high-performance, easy-to-use solution that addresses the requirements for application-aware network infrastructures;
- Nineteen new hardware products in our innovative family of next-generation Ethernet test systems;
- Solutions to assess call performance and voice quality of mobile devices that support Voice over LTE (“VoLTE”), integrating Spirent’s systems for field and lab;
- Performance monitoring technology, enabling Spirent TestCenter Live (“STC Live”) to measure key performance indicators for mobile backhaul links carrying LTE and VoLTE traffic; and
- TDD-LTE support for R&D testing of mobile devices to address expanding network deployments in key Asian and North American markets.

During the quarter Spirent:

- Received Interop Tokyo 2013 Best of Show Grand Prix Award for interoperability testing of the latest OpenFlow protocol using Spirent TestCenter™; and
- Partnered with leading equipment manufacturers in Asia to build new labs focused on enhancing the user experience and end-to-end service quality of their mobile devices.

Market conditions and outlook

Market conditions are not expected to change significantly in the fourth quarter, as we continue to see caution amongst some of our customers causing delays in their capital commitments. The fourth quarter of the year is seasonally our largest and current indications are that Spirent should benefit from this usual trend and also from sales of products launched at the end of the third quarter. Overall, revenue is expected to be in the region of $115 million to $120 million in the final quarter of the year with a positive book to bill ratio of approximately 110. Operating profit, as adjusted, is expected to be in the range of 16 to 17 per cent return on sales for the quarter.

Eric Hutchinson, Chief Executive Officer, commented:

"Revenue for the third quarter was in line with our expectations, although order intake was impacted by the volatility in demand for wireless device test solutions. Order intake for the fourth quarter is currently in line with plan across all lines of business.

"Following my appointment as CEO in September, I have made a number of organisation changes to create a more focused and decentralised structure. These changes will enable Spirent to be more agile and responsive to our customers' needs, and unleash the energies of our talented employees to drive the achievement of our strategic objectives.

"Spirent has a broad portfolio of innovative products, services and expertise that will be leveraged to create unique solutions. These easy-to-use solutions allow testing, measurement and monitoring of complex systems across information technology communications. I very much look forward to leading the Group through the next defining phase of its development."

<u>Third quarter performance</u>

Overview

Revenue for the third quarter of 2013 for the continuing Group was 4 per cent lower compared with the third quarter of 2012. Sequentially revenue was 15 per cent higher than the second quarter of 2013 as Spirent benefited from a higher opening order book due to the late booking of orders at the end of the first half-year. The book to bill ratio for the quarter was 94 (Q3 2012: 92) as order intake did not see any significant improvement on the underlying second quarter run rate and some wireless device test customers delayed their purchasing decisions due to the current challenges faced by much of that industry. Regionally, revenue grew by 6 per cent in the United States, it was down 7 per cent in Asia, but in Europe revenue was down by 25 per cent compared to the third quarter of 2012.

Gross margin was 70.1 per cent for the quarter compared with 72.4 per cent for the third quarter of 2012 but compares favourably to the first half of 2013 (69.6 per cent).

Adjusted operating profit was $16.1 million, down from $27.9 million in the third quarter of 2012 on lower revenue. As planned, we have increased investment in product development to drive future growth opportunities. The resulting adjusted basic earnings per share was 1.79 cents (Q3 2012: 3.02 cents). An exceptional item of $0.8 million has been charged in the quarter for reorganisation costs. Further exceptional reorganisation costs of $1.0 million will be charged as a result of actions taken in the fourth quarter of 2013. Although it is not the primary objective of the reorganisation, annual savings of $3.0 million will be realised in 2014. The effective tax rate was 26 per cent, which is the expected rate for the full year.

Networks & Applications – 55% of Group revenue

Revenue was $58.9 million (Q3 2012: $62.7 million), 6 per cent below the third quarter of 2012 with operating profit of $8.2 million (Q3 2012: $14.5 million) due to loss of gross margin on reduced revenue and with an increase of $1.5 million in product development. Service provider spend is strengthening, driven by LTE, and especially in the Americas. There was 2 per cent growth in order intake in Networks & Applications again led by the Americas, but offset by a decline in Europe where demand continues to be weak. We brought to market our innovative family of next-generation Ethernet products, originally announced in May; nineteen new hardware products were released in the quarter, with more releases scheduled in the fourth quarter. Our Landslide and iTest® products experienced their best quarter on record and our industry-leading security test platform, Avalanche NEXT, was successfully launched at the end of September 2013.

Wireless & Positioning – 39% of Group revenue

Revenue was $42.0 million (Q3 2012: $41.1 million) for the third quarter. Excluding the results of service experience, the Metrico Wireless business acquired towards the end of the third quarter of 2012, revenue was down 10 per cent. Asia Pacific reported increasing activity through the third quarter but there were delays in purchasing decisions by our North America customers and demand in Europe was disappointing. To address service provider acceptance testing needs for wireless devices, Spirent launched solutions for eight new test areas, establishing an industry-leading position in testing key growth services such as VoLTE, IMS and Video. Our positioning line of business saw growth in revenue over the third quarter of 2012 driven by demand for its high end systems, tailored solutions and continuing strong BeiDou demand. As expected, US Government revenue was well below the corresponding period in 2012 with US Government budgets remaining tight.

Service Assurance – 6% of Group revenue

Revenue was $6.8 million for the quarter, down by $1.1 million compared with the third quarter of 2012, but in line with expectations. Operating profit was flat at $1.6 million (Q3 2012: $1.6 million).

Ethernet solutions revenue was up in the third quarter and strongly up for the first three quarters of 2013. There is increasing demand for STC Live system enhancements by customers.

Revenue from the large tier-one service provider for handheld testing equipment announced in the first half-year is expected to be recognised in 2014 and a further large software system deployment will not be implemented until next year.

Cash

Free cash generation was $3.5 million in the third quarter (Q3 2012: $14.8 million) as a result of an increase in working capital to fund the sales activity skewed to the end of the quarter.

Year to date free cash flow was $30.2 million compared with $59.3 million in 2012. Cash and cash equivalents closed at $230.1 million (30 June 2013: $246.9 million). The cash position reflects the payment of the interim dividend for 2013 of $10.2 million and share buybacks of $11.8 million in the quarter.

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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. Further information about Spirent Communications plc can be found at http://corporate.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 http://www.otcmarkets.com/otc-pink/home.

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 29 September 2013

$ million	Notes	**Period to 29 September 2013** 3rd quarter	**Period to 29 September 2013** Year to date	Period to 30 September 2012 Restated[1] 3rd quarter	Period to 30 September 2012 Restated[1] Year to date
Continuing operations					
Revenue	1	**107.7**	**298.1**	111.7	347.8
Cost of sales		**(32.2)**	**(90.0)**	(30.8)	(99.3)
Gross profit		**75.5**	**208.1**	80.9	248.5
Product development		**(25.3)**	**(73.3)**	(21.1)	(63.3)
Selling and distribution		**(23.8)**	**(71.3)**	(21.4)	(67.9)
Administration		**(13.1)**	**(35.7)**	(12.8)	(39.0)
Operating profit	1	**13.3**	**27.8**	25.6	78.3
Finance income		**0.1**	**0.6**	0.2	0.5
Finance expense		**(0.2)**	**(0.7)**	(0.1)	(0.3)
Profit before tax		**13.2**	**27.7**	25.7	78.5
Tax		**(3.5)**	**(4.6)**	(8.1)	(24.8)
Profit for the period from continuing operations		**9.7**	**23.1**	17.6	53.7
Discontinued operations					
Profit for the period from discontinued operations		**-**	**-**	0.6	3.2
Profit for the period attributable to owners of parent Company		**9.7**	**23.1**	18.2	56.9
Earnings per share (cents)	3				
Continuing operations					
Basic		**1.51**	**3.58**	2.67	8.18
Diluted		**1.50**	**3.57**	2.67	8.14
Discontinued operations					
Basic		**-**	**-**	0.10	0.49
Diluted		**-**	**-**	0.09	0.48
Total Group					
Basic		**1.51**	**3.58**	2.77	8.67
Diluted		**1.50**	**3.57**	2.76	8.62

Note
1 Restated for the implementation of IAS 19 "Employee Benefits".

Notes to the Interim Management Statement

1 Segmental analysis

$ million	**Period to 29 September 2013** 3rd quarter	**Year to date**	Period to 30 September 2012 3rd quarter	Year to date
Revenue from continuing operations				
Networks & Applications	**58.9**	**151.1**	62.7	192.7
Wireless & Positioning	**42.0**	**122.2**	41.1	130.5
Service Assurance	**6.8**	**24.8**	7.9	24.6
	107.7	**298.1**	111.7	347.8

$ million	**Period to 29 September 2013** 3rd quarter	**Year to date**	Period to 30 September 2012 Restated[1] 3rd quarter	Restated[1] Year to date
Operating profit from continuing operations				
Networks & Applications	**8.2**	**6.3**	14.5	44.2
Wireless & Positioning	**8.1**	**24.8**	13.2	45.6
Service Assurance	**1.6**	**8.2**	1.6	2.2
Corporate	**(1.8)**	**(5.0)**	(1.4)	(5.0)
Operating profit before exceptional items, acquisition related costs, acquired intangible asset amortisation and share-based payment	**16.1**	**34.3**	27.9	87.0
Exceptional items *note 2*	**(0.8)**	**(1.2)**	-	(2.9)
Acquisition related costs	**-**	**-**	(0.5)	(2.0)
Acquired intangible asset amortisation	**(2.1)**	**(6.3)**	(1.2)	(2.4)
Share-based payment	**0.1**	**1.0**	(0.6)	(1.4)
	13.3	**27.8**	25.6	78.3
Other information – continuing operations				
$ million				
Depreciation	**4.1**	**12.1**	3.8	10.9
Property, plant and equipment additions	**4.3**	**11.8**	4.4	11.5

Note
1 Restated for the implementation of IAS 19 “Employee Benefits”.

2 Exceptional items

$ million	**Period to 29 September 2013** 3rd quarter	**Year to date**	Period to 30 September 2012 3rd quarter	Year to date
Reorganisation expenses	**0.8**	**0.8**	-	1.7
Excess inventory provision	**-**	**-**	-	1.2
Abortive acquisition costs	**-**	**0.4**	-	-
	0.8	**1.2**	-	2.9

3 Earnings per share

Cents	**Period to 29 September 2013** 3rd quarter	**Year to date**	Period to 30 September 2012 Restated[1] 3rd quarter	Restated[1] Year to date
Earnings per share				
Basic from continuing operations	**1.51**	**3.58**	2.67	8.18
Basic from discontinued operations	**-**	**-**	0.10	0.49
Basic total Group	**1.51**	**3.58**	2.77	8.67
Diluted from continuing operations	**1.50**	**3.57**	2.67	8.14
Diluted from discontinued operations	**-**	**-**	0.09	0.48
Diluted total Group	**1.50**	**3.57**	2.76	8.62
Weighted average number of shares in issue at period end				
Basic (million)		**644.4**		656.4
Diluted (million)		**646.2**		660.1

The Group is disclosing adjusted earnings per share for continuing operations attributable to owners of the parent Company in order to provide a measure to enable period-on-period comparisons to be made of its performance. The following items are excluded from adjusted earnings:

- Exceptional items
- Acquisition related costs
- Acquired intangible asset amortisation
- Share-based payment
- Tax effect on the above items
- Prior year tax

A reconciliation of adjusted earnings is provided below:

	3rd quarter 2013		Restated[1] 3rd quarter 2012	
	$ million	**Cents**	$ million	Cents
Profit for the period attributable to owners of the parent Company	**9.7**	**1.51**	17.6	2.67
Exceptional items	**0.8**		-	
Acquisition related costs	**-**		0.5	
Acquired intangible asset amortisation	**2.1**		1.2	
Share-based payment	**(0.1)**		0.6	
Tax effect on the above items	**(1.0)**		-	
Prior year tax credit	**-**		-	
Adjusted basic	**11.5**	**1.79**	19.9	3.02
Adjusted diluted		**1.79**		3.01

3 **Earnings per share** continued

	3rd quarter year to date 2013		Restated[1] 3rd quarter year to date 2012	
	$ million	**Cents**	$ million	Cents
Profit for the period attributable to owners of the parent Company	**23.1**	**3.58**	53.7	8.18
Exceptional items	**1.2**		2.9	
Acquisition related costs	**-**		2.0	
Acquired intangible asset amortisation	**6.3**		2.4	
Share-based payment	**(1.0)**		1.4	
Tax effect on the above items	**(2.4)**		(1.0)	
Prior year tax credit	**(2.6)**		-	
Adjusted basic	**24.6**	**3.82**	61.4	9.35
Adjusted diluted		**3.81**		9.30

Note
1 Restated for the implementation of IAS 19 “Employee Benefits”.