

## How we drive our business forward.

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<h3>Grow our business in our target markets</h3> <p><b>Description</b> Develop new products and services to grow our business in our target markets:</p> <ul style="list-style-type: none"> <li>High-speed Ethernet/IP, cloud and virtualisation, applications, mobile devices and networks, performance and security.</li> <li>Positioning, navigation and timing in global navigation satellite systems, communication networks and mission-critical applications (e.g. autonomous vehicles).</li> </ul> <p><b>Importance</b> To achieve material revenue growth, we need to identify and capitalise on emerging new business opportunities in the target markets that we have decided to focus on and to expand the customers we serve.</p> <p><b>Performance</b> Revenue <b>\$457.9m</b> 2015 \$477.1m</p> <p><b>Commentary</b> We identify, explore and assess new business opportunities in our target markets in a timely manner and objectively follow rigorous innovation management and portfolio management processes.</p> <p><b>Risk</b> Technology change and employee skillbase.</p>	<h3>Establish and maintain technology leadership</h3> <p><b>Description</b></p> <ul style="list-style-type: none"> <li>Continue appropriate levels of investment in product development.</li> <li>Participate actively in standardisation bodies and industry groups for emerging technologies.</li> <li>Work closely with our customers.</li> <li>Strengthen our expertise and experience.</li> </ul> <p><b>Importance</b> We operate in highly competitive and specialised markets. If we fail to invest in the business at a sufficient level then we will see our market share decrease.</p> <p><b>Performance</b> Investment in product development <b>\$111.7m</b> 2015 \$118.3m</p> <p><b>Commentary</b> In our largest markets, we currently believe that we have strong technology leadership positions after the investment in the business over the last three years. We have achieved significant new product launches in the year as a result of this investment.</p> <p><b>Risk</b> Technology change and employee skillbase.</p>	<h3>Strengthen our customer relationships</h3> <p><b>Description</b></p> <ul style="list-style-type: none"> <li>Partner with our customers.</li> <li>Create innovative solutions for customers' future needs.</li> <li>Focus on quality of service, delivery and support.</li> <li>Adopt account-based marketing and sales for top target accounts.</li> </ul> <p><b>Importance</b> If we work closely with our customers, we have the best chance of understanding their current and future requirements. We want our customers to view Spirent as the expert that they turn to in order to solve their problems.</p> <p><b>Performance</b> Revenue from top 20 customers <b>\$240.6m</b> 2015 \$241.8m</p> <p><b>Commentary</b> We have implemented salesforce customer relationship management software to improve our interaction with customers.</p> <p><b>Risk</b> Customer dependence and business continuity.</p>	<h3>Acquire new capabilities and technologies</h3> <p><b>Description</b> Expand our portfolio through:</p> <ul style="list-style-type: none"> <li>Partnerships.</li> <li>Licensing of technologies.</li> <li>Purchase of businesses.</li> <li>Recruit and hire recognised experts in critical areas.</li> </ul> <p><b>Importance</b> We have to be aware of other technologies we need and the skills to develop our new products and services.</p> <p><b>Performance</b> Investment in M&amp;A <b>\$2.6m</b> 2015 \$6.7m</p> <p><b>Commentary</b> We determined the level of investment we will make in each business unit and we consolidated the business units that will target the same customer and business segment.</p> <p>We have identified the areas of interest for potential acquisitions that fit our strategic opportunities and gaps.</p> <p><b>Risk</b> Acquisitions.</p>	<h3>Invest in our people</h3> <p><b>Description</b> Our employees are central to our strategy and success:</p> <ul style="list-style-type: none"> <li>Find and attract highly qualified and skilled employees.</li> <li>Engage our employees through exciting work and opportunities.</li> <li>Retain the expertise and knowledge that we have built.</li> </ul> <p><b>Importance</b> Our employees are our business. Our strategy is built around innovation and expertise. Without the best possible team, we will not be able to deliver on our strategy.</p> <p><b>Performance</b> Voluntary employee turnover <b>9.1%</b> 2015 7.3%</p> <p><b>Commentary</b> We continue to see voluntary turnover well below industry benchmarking.</p> <p><b>Risk</b> Employee skillbase.</p>	<h3>Maintain financial strength and flexibility</h3> <p><b>Description</b> A robust balance sheet and strong cash generation allows us to:</p> <ul style="list-style-type: none"> <li>Invest in organic growth.</li> <li>Pursue strategic acquisitions.</li> <li>Pay sustainable dividends to shareholders.</li> </ul> <p><b>Importance</b> Having financial strength and flexibility means that we are able to act quickly when we see an opportunity in our strategic priorities.</p> <p><b>Performance</b> Free cash flow <b>\$25.9m</b> 2015 \$35.3m</p> <p><b>Commentary</b> We value strong financial diligence within the Group and ensuring that profit turns to cash remains a top priority.</p> <p><b>Risk</b> Macro-economic.</p>

Read more about KPIs on pages 20 and 21  
Read more about principal risks and uncertainties on pages 24 and 25