



## News Release

### **SPIRENT COMMUNICATIONS PLC**

#### **INTERIM MANAGEMENT STATEMENT (UNAUDITED)**

**London, UK – 6 November 2008:** 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 since 29 June 2008.

Trading performance for the period since 29 June 2008 to date is in line with the Board’s expectations.

Revenue grew by 9 per cent, operating profit by 31 per cent and earnings per share by 44 per cent compared to the third quarter last year.

The results for the third quarter of 2008 are set out below:

#### **Continuing operations**

£ million	3 <sup>rd</sup> quarter 2008	3 <sup>rd</sup> quarter 2007
Revenue	<b>64.8</b>	59.2
Operating profit	<b>11.7</b>	8.9
Earnings per share (basic) - pence	<b>1.53</b>	1.06

Earnings from continuing operations include a charge of 0.07 pence per share for share-based payment and amortisation of intangible assets (3<sup>rd</sup> quarter 2007: 0.11 pence).

#### **Performance Analysis**

Revenue for the division grew by 16 per cent to £47.4 million and operating profit grew by 56 per cent to £10.6 million. Expressed in US dollars, revenue was \$89.7 million in the third quarter of 2008 compared with \$82.7 million for the third quarter of 2007, an increase of 8 per cent, whilst operating profit was \$20.7 million compared with \$13.6 million, an increase of 52 per cent. Order intake during July and August exceeded that of the same period in 2007, while that for September was somewhat lower than that for the prior year. Order intake for October has been ahead of last year, with the cumulative total now in line with that expected. The division continues to maintain a substantial order book.

**Service Assurance**

As anticipated, Service Assurance revenues of £9.0 million in the third quarter were lower by 13 per cent compared to the same period in the prior year due to one-time sales revenue related to deployment projects for software and hardware last year. This resulted in a decrease in operating profit by £1.0 million to £0.9 million. For the year to date expressed in US dollars, revenue is down 10 per cent and operating profit is up 14 per cent.

**Systems**

Systems' revenue increased by 5 per cent over the same period last year, profitability was broadly similar to last year.

**Profitability**

Improvements in the overall profitability of the Group continued through the third quarter, resulting in operating return on sales increasing to 18.1 per cent (3<sup>rd</sup> quarter 2007: 15.0 per cent).

**Cash**

The closing cash position was £77.8 million at the end of the third quarter of 2008, compared to the cash balances at the end of the first half year of £67.7 million. There was an outflow of £2.3 million for the share repurchase programme and an inflow through the exercise of share options of £1.9 million during the quarter.

On 13 October 2008 the Company announced its intention to make on-market purchases of its Ordinary Shares up to a maximum of £25.0 million and to propose a tender offer to purchase another £25.0 million of its Ordinary Shares. The tender offer was announced on 27 October. As part of the on-market share repurchase programme £8.1 million was used to purchase 18.1 million Ordinary Shares during October, the interim dividend of £3.7 million and taxes of £3.0 million were paid and the resulting cash balances at the end of the month were £72.5 million.

**Outlook**

We continue to anticipate that the earnings performance for the year will be in line with our expectations.

**Exchange Benefit**

Whilst there has been a marked change to closing spot exchange rates for the US dollar to pound sterling in recent weeks, it has not yet materially affected the average exchange rates used for translation this year. Should the exchange rate for the US dollar to pound sterling remain at these lower levels for the rest of the year the average exchange rate for 2008 would be 6 to 8 per cent lower when compared to the rate of 2.00 for 2007.

If the exchange rate continues at these levels during 2009 a more significant translation effect would benefit earnings next year.

The Company has a policy to hedge forward against export transaction exposures from the UK businesses, but not to hedge against translation of dollar profits.

**Group Chief Executive Officer**

As announced today, William Burns has been appointed to the Board of Spirent as Group Chief Executive Officer. Edward Bramson will continue as Chairman, in a non-executive capacity.

**Edward Bramson, Chairman, commented:**

“Spirent has continued to benefit from the careful management of overhead expenses and October orders encourage us to believe that earnings for the fourth quarter of 2008, and therefore for the full year, will be in line with our expectations.

“I welcome Bill Burns to the Board. I have every confidence that he will continue to manage the successful development of the Company and I look forward to continuing to work with him in the future.”

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**Enquiries**

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## About Spirent Communications plc

Spirent Communications plc is a leading communications technology company focused on delivering innovative systems and services to meet the needs of customers worldwide. We are a global provider of performance analysis and service assurance solutions that enable the development and deployment of next-generation networking technologies such as broadband services, Internet telephony, wireless and web applications and security testing. The Systems group develops power control systems for specialist electrical vehicles in the mobility and industrial markets. Further information about Spirent Communications plc can be found at [www.spirent.com](http://www.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 [www.pinksheets.com](http://www.pinksheets.com).

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*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.*

**Consolidated income statement (unaudited)****Period ended 28 September 2008**

£ million	Period to 28 September 2008		Period to 30 September 2007	
	3rd quarter	Year to date	3rd quarter	Year to date
<b><u>Continuing operations</u></b>				
<b>Revenue</b>	<b>64.8</b>	<b>185.3</b>	59.2	173.4
Cost of sales	(24.1)	(68.1)	(21.9)	(70.1)
<b>Gross profit</b>	<b>40.7</b>	<b>117.2</b>	37.3	103.3
Product development	(10.9)	(32.3)	(10.2)	(33.0)
Selling and distribution	(10.9)	(32.9)	(10.7)	(36.3)
Administration	(7.2)	(19.3)	(7.5)	(32.7)
<b>Operating profit</b>	<b>11.7</b>	<b>32.7</b>	8.9	1.3
Net finance income	<b>0.9</b>	<b>2.5</b>	1.6	4.7
Exceptional finance income	-	<b>0.8</b>	-	-
<b>Profit before tax</b>	<b>12.6</b>	<b>36.0</b>	10.5	6.0
Tax	(1.3)	(3.1)	(1.2)	(1.9)
<b>Profit for the period from continuing operations after tax</b>	<b>11.3</b>	<b>32.9</b>	9.3	4.1
<b><u>Discontinued operations</u></b>				
Loss for the period from discontinued operations	-	-	-	(8.3)
<b>Profit/(loss) for the period attributable to equity holders of parent</b>	<b>11.3</b>	<b>32.9</b>	9.3	(4.2)
<b>Earnings/(loss) per share (pence)</b>				
Basic	<b>1.53</b>	<b>4.38</b>	1.06	(0.49)
Diluted	<b>1.52</b>	<b>4.34</b>	1.06	(0.49)
Basic from continuing operations	<b>1.53</b>	<b>4.38</b>	1.06	0.46
Diluted from continuing operations	<b>1.52</b>	<b>4.34</b>	1.06	0.46

**Segmental analysis – continuing operations**

£ million	Period to 28 September 2008		Period to 30 September 2007	
	3 <sup>rd</sup> quarter	Year to date	3 <sup>rd</sup> quarter	Year to date
<b>Revenue</b>				
Performance Analysis	47.4	135.5	40.8	121.4
Service Assurance	9.0	24.8	10.4	26.9
Communications	56.4	160.3	51.2	148.3
Systems	8.4	25.0	8.0	25.1
Continuing operations	64.8	185.3	59.2	173.4
<b>Operating profit/(loss)</b>				
Performance Analysis	10.6	28.8	6.8	11.3
Service Assurance	0.9	3.2	1.9	2.8
Communications	11.5	32.0	8.7	14.1
Systems	1.0	3.1	1.1	2.8
Non-segmental	(0.8)	(2.4)	(0.9)	(3.0)
Operating profit before exceptional items	11.7	32.7	8.9	13.9
Exceptional items	-	-	-	(12.6)
Continuing operations	11.7	32.7	8.9	1.3
<b>Other information – continuing operations</b>				
Depreciation	1.9	6.4	1.9	7.7
Expenditure on property, plant and equipment	2.0	5.4	1.4	3.7
Share-based payment	0.3	1.2	0.8	1.8
Intangible amortisation	0.2	0.5	0.2	0.6
<b>Earnings per share from continuing operations (pence)</b>				
Basic	1.53	4.38	1.06	0.46
Diluted	1.52	4.34	1.06	0.46
Adjusted basic	1.53	4.20	1.06	1.91
Adjusted diluted	1.52	4.16	1.06	1.90
Weighted average number of shares in issue at period end – basic (million)		750.0		873.6
Weighted average number of shares in issue at period end – diluted (million)		756.6		880.7
<b>Adjusted earnings from continuing operations</b>				
Profit after tax	11.3	32.9	9.3	4.1
Exceptional operating items	-	-	-	12.6
Exceptional finance income	-	(0.8)	-	-
Prior year tax credit	-	(0.6)	-	-
	11.3	31.5	9.3	16.7