



News Release

SPIRENT COMMUNICATIONS PLC

INTERIM MANAGEMENT STATEMENT (UNAUDITED)

London, UK – 5 November 2009: 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 28 June 2009.

Trading to date

Trading performance for the period since 28 June 2009 to date is in line with the Board’s expectations.

Bill Burns, Chief Executive Officer, commented:

“During the third quarter we have seen a return to market stability and we have increased profitability. The outlook for the fourth quarter is positive. We continue to deliver new, innovative, market leading test solutions and as a result Spirent is well placed to capitalise on any recovery in end markets in 2010.”

Third Quarter 2009

The results for the third quarter of 2009 are set out below:

£ million	3 rd quarter 2009	3 rd quarter 2008
Revenue	63.1	64.8
Operating profit	13.6	11.7
Basic earnings per share - pence	1.69	1.53

Note

Earnings include a charge of 0.05 pence per share for share-based payment and amortisation of intangible assets (3rd quarter 2008: 0.07 pence).

Third quarter revenue of £63.1 million was in line with our revenue projections. Group operating profit grew by £1.9 million to £13.6 million, as a result return on sales for the Group increased to 22 per cent compared to 18 per cent in the third quarter of 2008. Earnings per share grew by 10 per cent.

Year to date revenue is up 9 per cent in sterling terms to £202.2 million, down by 12 per cent in constant currencies. Operating profit increased by 15 per cent in sterling to £37.6 million, down by 13 per cent in constant currencies.

Performance Analysis

Year to date return on sales for Performance Analysis has increased to 23 per cent compared to 22 per cent, on a revenue decrease of 13 per cent in dollar terms. More importantly, we have now experienced three consecutive quarters of increased order intake and the book to bill ratio at 1.00 times for the quarter allowed us to maintain a solid order book.

Stability returned to the market in the third quarter, with signs of a somewhat more optimistic view by customers. Customers increased their spending on applications and data center test capabilities, whilst investment in mobile packet core test grew markedly. Wireless device performance test benefited from the growth in development of new wireless data devices such as Smartphones. The market for 4G wireless (“LTE”) testing is beginning to accelerate; this has also stimulated investment in existing technologies, such as CDMA and UMTS, with the development of new data devices capable of supporting all these technologies. This is positive for future expansion in the wireless test market, in which Spirent is well placed with its wide range of product solutions.

Product mix was favourable in the quarter resulting in an increased gross profit margin, whilst overheads reduced compared to the prior year.

Service Assurance

Profitability for the third quarter of 2009 increased to a 20 per cent operating return on sales compared to 10 per cent for the third quarter of 2008. Gross profit margin has improved and overheads have been reduced.

There is strong demand for 10 GbE in network monitoring devices, increasing demand for monitoring in wireless backhaul networks and interest in the latest generation of hand held test equipment. Whilst legacy revenues are down year-on-year, masking growth in new products and services, the fundamental direction for the division is sound.

Systems

Profitability has been maintained in difficult market conditions. This is especially true in the market for motor controllers for use in industrial equipment, where there are signs that the industrial business is starting to recover.

Cash

Free cash flow for the quarter was £12.2 million (3rd quarter 2008: £9.3 million). In the quarter the 2009 interim dividend of £3.7 million was paid and there was an inflow of £1.3 million from the exercise of share incentives. The closing cash position at the end of the third quarter was £91.3 million compared with £80.5 million at the end of the first half of 2009.

Outlook

Markets appear to have stabilised during the third quarter which will allow Spirent to continue to deliver on expected performance. The prospects for the fourth quarter are good, especially in wireless device performance test.

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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 testing and service assurance solutions that enable the development and deployment of next-generation networking technologies such as Ethernet, Triple Play, wireless, satellite positioning, web applications and security. The Systems group develops power control systems for electrical vehicles in the mobility and industrial markets. Further information about Spirent Communications plc can be found at 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.

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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.

Condensed consolidated income statement (unaudited)

Period ended 27 September 2009

£ million	Period to 27 September 2009		Period to 28 September 2008	
	3rd quarter	Year to date	3rd quarter	Year to date
Revenue	63.1	202.2	64.8	185.3
Cost of sales	(19.7)	(68.1)	(24.1)	(68.1)
Gross profit	43.4	134.1	40.7	117.2
Product development	(11.0)	(36.1)	(10.9)	(32.3)
Selling and distribution	(11.5)	(36.9)	(10.9)	(32.9)
Administration	(7.3)	(23.5)	(7.2)	(19.3)
Operating profit	13.6	37.6	11.7	32.7
Net finance (expense)/income	(0.2)	(0.6)	0.9	2.5
Exceptional finance income	-	-	-	0.8
Profit before tax	13.4	37.0	12.6	36.0
Tax	(2.1)	(5.7)	(1.3)	(3.1)
Profit for the period attributable to equity shareholders of parent Company	11.3	31.3	11.3	32.9
Earnings per share (pence)				
Basic	1.69	4.70	1.53	4.38
Diluted	1.68	4.68	1.52	4.34

Segmental analysis	Period to 27 September 2009		Period to 28 September 2008	
	3rd quarter	Year to date	3rd quarter	Year to date
£ million				
Revenue				
Performance Analysis	46.5	149.0	47.4	135.5
Service Assurance	7.5	25.8	9.0	24.8
Communications	54.0	174.8	56.4	160.3
Systems	9.1	27.4	8.4	25.0
	63.1	202.2	64.8	185.3
Operating profit				
Performance Analysis	11.9	33.8	11.1	30.3
Service Assurance	1.5	4.1	0.9	3.4
Communications	13.4	37.9	12.0	33.7
Systems	1.1	3.2	1.0	3.1
Corporate	(0.6)	(2.4)	(0.8)	(2.4)
Total reportable segment profit	13.9	38.7	12.2	34.4
Unallocated amounts				
Intangible amortisation	(0.2)	(0.7)	(0.2)	(0.5)
Share-based payment	(0.1)	(0.4)	(0.3)	(1.2)
Operating profit	13.6	37.6	11.7	32.7
Other information				
£ million				
Depreciation	2.0	6.8	1.9	6.4
Capital expenditure	1.6	4.8	2.0	5.4
Earnings per share				
Basic (pence)	1.69	4.70	1.53	4.38
Diluted (pence)	1.68	4.68	1.52	4.34
Adjusted basic (pence)	1.69	4.70	1.53	4.20
Adjusted diluted (pence)	1.68	4.68	1.52	4.16
Weighted average number of shares in issue at period end				
basic (million)		665.3		750.0
diluted (million)		668.4		756.6
£ million				
Adjusted earnings				
Profit after tax	11.3	31.3	11.3	32.9
Exceptional finance income	-	-	-	(0.8)
Prior year tax credit	-	-	-	(0.6)
	11.3	31.3	11.3	31.5
Average exchange rate against sterling				
US dollar		1.54		1.95