2015 Half Year Results

5 August 2015

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H1 2015 Overview

- Group order intake up 4% as increased momentum in Networks & Applications was partially offset by Wireless weakness
- Group revenue slightly below expectations, impacted by many orders received too late to convert to revenue
- Service Assurance division revenue distorted by timing of field test revenue
- Delays to revenue and continued investment resulted in reduction in adjusted operating profit to $6.0 million
- Maintained our investment in product development and increased sales and marketing expense
- Maintained interim dividend at 1.68 cents
- Order book built: book to bill ratio 103 (H1 2014: 98) which will benefit H2 2015

Comparative results H1 2015

($ millions)	H1 2015	H1 2014
Revenue	**218.7**	**221.0**
Gross Profit	150.8	151.0
Gross Margin	***69.0%***	***68.3%***
Product development	60.1	55.3
Selling & distribution	63.2	53.0
Administration	21.5	22.1
Operating Profit(1)	**6.0**	**20.6**
Return on Sales(1)	***2.7%***	***9.3%***
Other items(2)	8.2	6.7
Reported Operating(Loss)/Profit	**(2.2)**	**13.9**
Net finance expense	(0.1)	-
(Loss)/Profit before Tax	**(2.3)**	**13.9**
Tax credit/(charge)	1.1	(3.4)
Net (Loss)/Income	**(1.2)**	**10.5**
Basic EPS (cents)	**(0.21)**	**1.72**
Adjusted EPS(1)(3) (cents)	**0.69**	**2.50**

- Regionally North America up 6%, APAC and EMEA down10% and 9%
- Gross margin improved by 0.7% due to beneficial product mix in N&A
- Operating profit impacted by revenue miss and further investments to benefit 2016 and beyond
- Tax rate 26%; 25% is the approximate expected full year rate

Notes: (1) Before other items
(2) Other items are share-based payment, acquired intangible asset amortisation and acquisition expense
(3) Before prior year tax and tax in respect of items in note (2)

Networks & Applications

($ millions)	H1 2015	H1 2014
Revenue	**107.5**	**104.0**
Gross Profit	74.7	70.0
Gross Margin	***69.5%***	***67.3%***
Product development	29.5	28.8
Other expenses	43.5	40.9
Operating Profit	**1.7**	**0.3**
Return on Sales	***1.6%***	***0.3%***

- Order intake grew 6%; book to bill 111 (H1 2014: 108)
- Growth of 28% in wireless infrastructure solution orders also strong demand for 100G Ethernet and security
- Improvement in gross margin
- Success with software-defined networking ("SDN") and network functions virtualization ("NFV") test solutions at leading Network Equipment Vendors

Wireless & Service Experience

($ millions)	H1 2015	H1 2014
Revenue	**84.3**	**85.7**
Gross Profit	56.3	57.6
Gross Margin	***66.8%***	***67.2%***
Product development	21.2	21.1
Other expenses	30.4	26.3
Operating Profit	**4.7**	**10.2**
Return on Sales	***5.6%***	***11.9%***

- Revenue growth in Positioning due to significant orders from US Government sector and good performance from Service Experience
- Wireless impacted by significant reduction in spend at a major customer in Asia, consolidation of the mobile device ecosystem and intense competition
- Cost reduction actions taken in Wireless in June 2015; cost $0.4 million with annualised cost savings of $6 million
- Book to bill ratio 106 (H1 2014: 107)

Service Assurance

($ millions)	H1 2015	H1 2014
Revenue	**26.9**	**31.3**
Gross Profit	19.8	23.4
Gross Margin	***73.6%***	***74.8%***
Product development	9.4	5.4
Other expenses	8.7	4.2
Operating Profit	**1.7**	**13.8**
Return on Sales	***6.3%***	***44.1%***

- Revenue distorted by phasing of delivery of field test orders to a major North American service provider, $5.7m H1 2015 v $12.0m H1 2014
- Performance impacted by reduction in revenue, lower gross margin and investment in the new and existing businesses
- Completed development of our TestCenter Live virtual probe, now in trials at major operators and our 100G probe already installed
- Won new business for software solutions for 2016 and beyond
- Currently bidding for business which is expected to benefit 2016

Market opportunities

Investment in digital technologies

Wireless: new services

Virtualization: live network assurance

Cybersecurity

Automation

Interoperability

Positioning and timing

Outlook

- Expect the second half year to show growth over last year
- Full year revenue in line with expectations
- Full year profit materially below our expectations reflecting low profitability in H1, ongoing investment and anticipated revenue mix
- Product offering, pipeline and customer activity give confidence in the prospects for the Group

Additional information

Served Markets

NETWORKS & APPLICATIONS

Addressable Market [1] **$950M**

2015 Market Share **25%**

ESTIMATED MARKET 3-YR CAGR **8%**

Ethernet

Data center/cloud computing

Applications and security

Test optimization

Wireless infrastructure

WIRELESS & SERVICE EXPERIENCE

Addressable Market [1] **$1,050M**

2015 Market Share **18%**

ESTIMATED MARKET 3-YR CAGR **5%**

Wireless devices

Wireless channel emulation

Satellite navigation and global positioning

Wireless service experience

Automotive Test

SERVICE ASSURANCE

Addressable Market [1] **$850M**

2015 Market Share **9%**

ESTIMATED MARKET 3-YR CAGR **9%**

Ethernet business services

Wireless backhaul

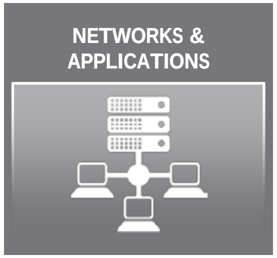
Field test solutions

Customer experience Management

Carrier WiFi

Device Management & Intelligence

Note: (1) Spirent estimates

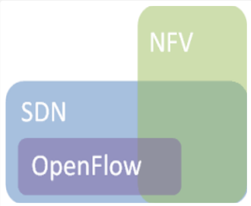


Networks & Applications Segment

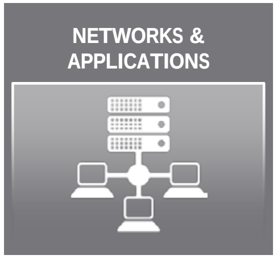
Cloud & IP

- CIP bookings up in 2015 H1
  - Strong finish in Q2;
  - Q2 bookings up 7% YoY
  - Increase in spending from top customers

- Leadership in High Speed Ethernet
  - 1st to market with 8 port 100G & 100G impairment emulator
  - Won Best of Show @ Interop Tokyo for 400G
  - Collaborating with market leaders to build 25G



- Enabling SDN & NFV deployments
  - State of the art virtualized test products to help customers accelerate SDN/NFV deployments
  - Strong contributor to industry standards bodies

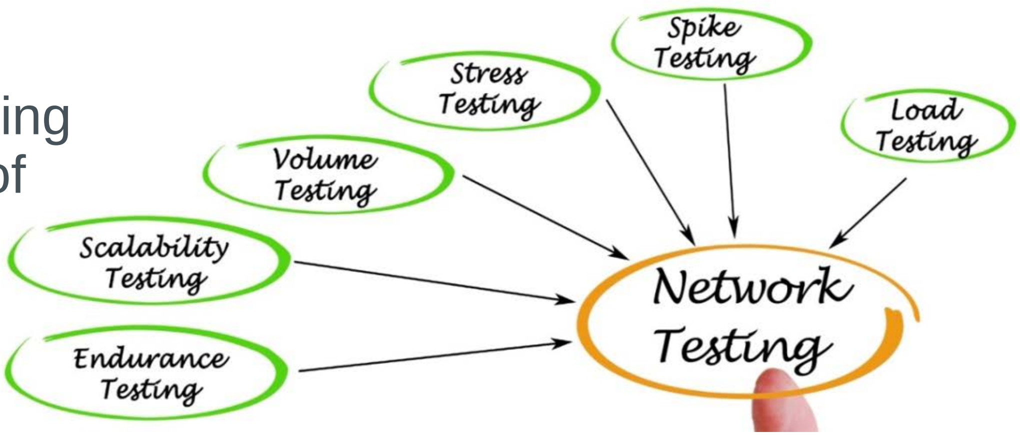


Networks & Applications Segment

Mobility Infrastructure

(re)defining Network Element testing

- 28% global growth YoY for H1 driven by EPC, Wi-Fi, Diameter and IMS
- Commercial deployments for Voice over LTE (VoLTE), Connected Car and Internet of Things (IoT) driven by scale requirements for physical and virtual mobile infrastructures
- Expanded Wi-Fi market with the launch of an RF interface and Voice over Wi-Fi on Spirent Landslide™, enabling carriers to validate VoWi-Fi to VoLTE handovers
- Predicting and preventing signaling storm outages with the release of a comprehensive Diameter performance and scale test solution



Networks & Applications Segment

Applications and Security

Bookings up more than 20% over H1 2014

Largest Avalanche NEXT deal to date: >$650K

Enhanced capability and usability in our recent next-generation platform has increased adoption at new and incumbent accounts

NETWORKS & APPLICATIONS

Networks & Applications Segment

ITO CLEAR Solutions

SPIRENT

CapEx & OpEx optimizations driving lab consolidation, virtualization & automation

Products & Services

- ↑ 18% YoY across product lines
- ↑ 45% YoY in Americas
- ↑ Q2 YoY Recorder

Product Innovations

- Virtual testbed orchestration
- Mobile network test automation

DevOps: Continuous Testing biggest challenge for new adopters

CLEAR DevOps Solution

- $2M+ bookings in H1
- 4-year commitment extension from major NEM

CIO Review 20 MOST PROMISING DevOps SOLUTION PROVIDERS - 2015

Wireless & Service Experience Segment

Wireless Devices & Services

- **Elevate.** Delivered this innovative Wireless services test platform to carriers and smartphone manufacturers for VoWiFi, RCS services and Location testing

- **Channel Emulators.** Growth of more than 17% YoY, driven by MIMO Over-the-Air testing
- **Carrier Acceptance Test.** Sharp decline as a result of fall in major device manufacturer spend and ecosystem contraction
- **Service Experience.** Opened **Fit4Launch Lab in Beijing**; Released **new video solution (Chromatic)**

WIRELESS & SERVICE EXPERIENCE

Wireless & Service Experience Segment

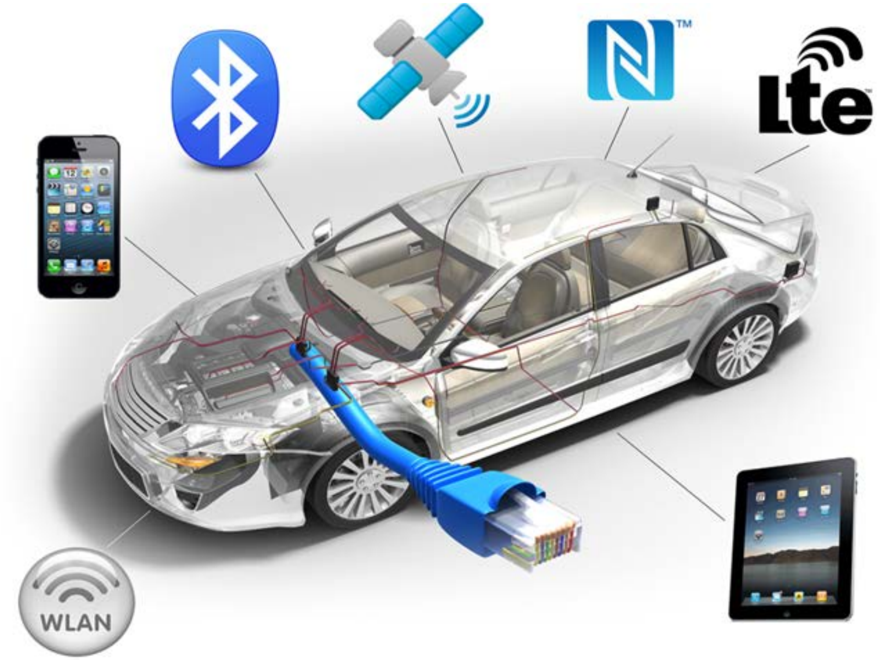
Positioning, Navigation and Timing (PNT)

- **GSS9000.** Maintained industry leadership. Bookings growth over 20%
- **US government and commercial markets.** Strong performance; Bookings grew >135%
- New methodology and test system developed to test and calibrate **timing receivers** (ITU G.8272) in collaboration with our partner Calnex

Wireless & Service Experience Segment

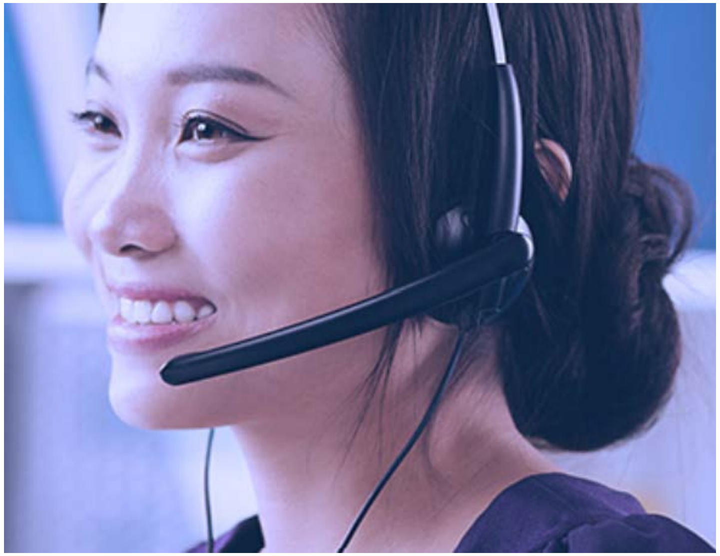
Automotive

- Launched the **eCall and ERA-GLONASS In-Vehicle Systems (IVS) Test System**
- Announced **Automotive Record and Playback Test System**
- Signed a cooperation agreement with TÜV Nord, one of the largest technical service providers in the Automotive industry



Service Assurance Segment

Network Assurance and Data Analytics



- **Test Center Live.** Released **virtual probe** (conducting trials at two major operators) and our **100G probe** (operating in one major operator)
- **Tech-X Flex.** Delivered $5.7M to a major North American operator and won new customers
- **InTouch.** Delivered VoLTE application to major US carrier for end-to-end visibility for rapid technical support

Free cash flow

($ millions)	H1 2015	H1 2014
Operating (Loss)/Profit	**(2.2)**	**13.9**
Depreciation and loss on disposal	10.8	9.5
Intangible amortisation and share-based payment	8.7	6.5
Working capital, provisions and pensions	(0.1)	6.2
Cash Flow From Operations	**17.2**	**36.1**
Tax	3.1	(3.4)
Net Cash Flow From Operating Activities	**20.3**	**32.7**
Net interest income	0.3	0.2
Net capital expenditure	(9.5)	(13.8)
Free Cash Flow	**11.1**	**19.1**
Acquisitions	-	(38.9)
Dividends and share buyback	(13.4)	(28.7)
Other	(0.1)	-
Exchange	(0.4)	0.7
Closing Cash And Cash Equivalents	97.0	168.4

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