

STRATEGY AT A GLANCE

<div>1</div> <div>Work closely with our customers</div> <div><div>DESCRIPTION</div><div>Partner with our customers. Create innovative solutions meeting our customers’ future needs. Adopt account-based marketing and key account sales management. Focus on quality of service, delivery and support.</div><div><div>IMPORTANCE</div><div>If we work closely with our customers, we have the best chance of understanding and meeting their current and future requirements. We want our customers to view Spirent as their go to solutions provider.</div></div><div><div>PERFORMANCE</div><div>Revenue from top 20 customers</div><div>\$258.2m</div><div>2017 \$231.6m</div></div><div><div>COMMENTARY</div><div>We have reorganised and developed our global sales team.</div><div>We have implemented Salesforce customer relationship management software to improve interaction with our customers.</div></div><div><div>RISK</div><div>Loss of customer dependence and business continuity.</div></div><div><div>⊕</div><div>Read more on pages 27 and 28</div></div></div>	<div>2</div> <div>Establish and maintain technology leadership</div> <div><div>DESCRIPTION</div><div>Invest appropriately in exploring new technologies and developing our core competencies. Participate in standardisation bodies and industry groups.</div><div><div>IMPORTANCE</div><div>We operate in highly competitive and specialised markets. If we fail to invest in the business at a sufficient level, we will see our market share decrease.</div></div><div><div>PERFORMANCE</div><div>Investment in product development</div><div>\$96.9m</div><div>2017 \$103.0m</div></div><div><div>COMMENTARY</div><div>In our largest markets, we 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 as a result of this investment.</div></div><div><div>RISK</div><div>Technology change and inadequate employee skillbase.</div></div><div><div>⊕</div><div>Read more on pages 26 and 29</div></div></div>	<div>3</div> <div>Grow our business in target markets</div> <div><div>DESCRIPTION</div><div>Create new products and services, promote our products and services through creative marketing campaigns and industry involvement, and develop our sales channel to grow our business in our global target markets.</div><div><div>IMPORTANCE</div><div>To achieve revenue growth, we need to identify and capitalise on emerging business opportunities in our target markets and expand the number of customers we serve.</div></div><div><div>PERFORMANCE</div><div>Revenue<sup>2</sup></div><div>\$476.9m</div><div>2017 \$454.8m</div></div><div><div>COMMENTARY</div><div>We identify, explore and assess new business opportunities in our target markets in a timely manner and objectively follow our innovation management and portfolio management processes.</div></div><div><div>RISK</div><div>Technology change and inadequate employee skillbase.</div></div><div><div>⊕</div><div>Read more on pages 26 and 29</div></div></div>
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OUR GOALS

To continuously innovate and develop leading products and services to enable our customers to develop devices and equipment and operate complex networks.

STRATEGIC OBJECTIVES

We have identified six priorities that we believe are critical in order to achieve our objectives and, ultimately, our vision.

OUR VISION

Spirent’s vision is to be our customers’ trusted adviser, partnering with them to enable and assure their product and service offerings, and secure their ongoing business success.

<div>4</div> <div>Acquire new capabilities and technologies</div> <div><div>DESCRIPTION</div><div>Expand our portfolio through partnerships, licensing technologies, acquiring businesses, and recruiting and hiring experts in critical areas.</div><div><div>IMPORTANCE</div><div>We have to deeply understand technologies, networking and applications to develop methodologies and solutions to test them.</div></div><div><div>PERFORMANCE</div><div>Investment in Mergers &amp; Acquisitions</div><div>nil</div><div>2017 nil</div></div><div><div>COMMENTARY</div><div>We prioritised our investments aligned to the market dynamics and business opportunities. We identified the areas of interest for potential acquisitions and alliances that fit our strategic opportunities and gaps.</div></div><div><div>RISK</div><div>Acquisitions underperform.</div></div><div><div>⊕</div><div>Read more on page 29</div></div></div>	<div>5</div> <div>Invest in our people</div> <div><div>DESCRIPTION</div><div>Attract highly qualified and skilled employees, engage our employees with exciting work and opportunities and retain the expertise and knowledge that we have built.</div><div><div>IMPORTANCE</div><div>Our employees are central to our strategy and success. Our strategy is built around innovation and expertise. Without the best possible team, we will not be able to deliver on our strategy.</div></div><div><div>PERFORMANCE</div><div>Voluntary employee turnover<sup>2</sup></div><div>7.9%</div><div>2017 7.4%</div></div><div><div>COMMENTARY</div><div>We work on interesting challenges at the leading-edge of the communications industry. We see the direct impact of our accomplishments in our customers’ success. We continue to see voluntary turnover well below industry benchmarking.</div></div><div><div>RISK</div><div>Reductions in employee skillbase.</div></div><div><div>⊕</div><div>Read more on page 29</div></div></div>	<div>6</div> <div>Maintain financial strength and flexibility</div> <div><div>DESCRIPTION</div><div>Maintain a strong balance sheet with healthy cash generation that allows us to invest in organic growth, pursue strategic acquisitions and pay sustainable dividends to shareholders.</div><div><div>IMPORTANCE</div><div>Having financial strength and flexibility means that we are able to act quickly when we see an opportunity to fulfil our strategic priorities.</div></div><div><div>PERFORMANCE</div><div>Free cash flow<sup>1,2</sup></div><div>\$50.9m</div><div>2017 \$56.4m</div></div><div><div>COMMENTARY</div><div>We value strong financial diligence within the Group. Turning profit into cash remains a priority.</div></div><div><div>RISK</div><div>Adverse macro-economic changes.</div></div><div><div>⊕</div><div>Read more on page 26</div></div></div>
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Note  
1. Operating cash flow after tax, net interest and net capital expenditure.  
2. Included in the Group’s KPIs, read more on pages 22 and 23.