

How we drive our business forward.

Our goals

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

To be recognised by our customers for the ease of use and simplicity of our solutions for testing and assuring complex systems.

Strategic objectives

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

Our vision

To be the leading experts in methodologies and solutions for the development and operation of communications networks, connected devices and applications.

● Read more about KPIs on pages 24 and 25.

● Read more about our principal risks and uncertainties on pages 28 to 31.

1	2	3	4	5	6
<h3>Grow our business in target markets</h3>	<h3>Establish and maintain technology leadership</h3>	<h3>Strengthen our customer relationships</h3>	<h3>Acquire new capabilities and technologies</h3>	<h3>Invest in our people</h3>	<h3>Maintain financial strength and flexibility</h3>
<p>Description 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.</p>	<p>Description Invest appropriately in exploring new technologies and developing our core competencies. Participate in standardisation bodies and industry groups. Work closely with our customers.</p>	<p>Description 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.</p>	<p>Description Expand our portfolio through partnerships, licensing technologies, acquiring businesses, and recruiting and hiring experts in critical areas.</p>	<p>Description Attract highly qualified and skilled employees, engage our employees with exciting work and opportunities and retain the expertise and knowledge that we have built.</p>	<p>Description Maintain a robust balance sheet and strong cash generation that allows us to invest in organic growth, pursue strategic acquisitions, and pay sustainable dividends to shareholders.</p>
<p>Importance 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.</p>	<p>Importance 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.</p>	<p>Importance 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.</p>	<p>Importance We have to deeply understand technologies, networking and their applications to develop methodologies and solutions to test them.</p>	<p>Importance 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.</p>	<p>Importance Having financial strength and flexibility means that we are able to act quickly when we see an opportunity to fulfil our strategic priorities.</p>
<p>Performance Revenue \$454.8m 2016 \$457.9m</p>	<p>Performance Investment in product development \$103.0m 2016 \$111.7m</p>	<p>Performance Revenue from top 20 customers \$231.6m 2016 \$240.6m</p>	<p>Performance Investment in Mergers & Acquisitions nil 2016 \$2.6m</p>	<p>Performance Voluntary employee turnover 7.4% 2016 9.1%</p>	<p>Performance Free cash flow¹ \$56.4m 2016 \$25.9m</p>
<p>Commentary 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.</p>	<p>Commentary 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.</p>	<p>Commentary We have reorganised and developed our global sales team. We have implemented Salesforce customer relationship management software to improve interaction with customers.</p>	<p>Commentary 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. We consolidated business units to focus on target business opportunities.</p>	<p>Commentary 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.</p>	<p>Commentary We value strong financial diligence within the Group. Turning profit to cash remains a priority.</p>
<p>Risk Technology change and inadequate employee skillbase.</p>	<p>Risk Technology change and inadequate employee skillbase.</p>	<p>Risk Loss of customer dependence and business continuity.</p>	<p>Risk Acquisitions underperform.</p>	<p>Risk Reductions in employee skillbase.</p>	<p>Risk Adverse macro-economic changes.</p>
<p>● Read more on pages 28 and 31</p>	<p>● Read more on pages 28 and 31</p>	<p>● Read more on page 29</p>	<p>● Read more on page 30</p>	<p>● Read more on page 31</p>	<p>● Read more on page 28</p>