



## SPIRENT COMMUNICATIONS PLC First Quarter Trading Update 2018

**London, UK – 2 May 2018:** Spirent Communications plc (“Spirent”, the “Company” or the “Group”) (LSE: SPT), a leading communications technology company, today issues the following trading update for the period from 1 January to 31 March 2018.

### Group performance

As highlighted at the full year results and as expected, trading in the first quarter was impacted by the timing of key orders. Revenue of \$97.9 million was broadly in line with our plan and adjusted operating profit at \$2.1 million was slightly ahead.

We continue to expect a heavier performance weighting to the second half of the year, underpinned by the expected rebound in 400G high-speed Ethernet testing, the timing of key orders for Lifecycle Service Assurance solutions, and continued expansion in our Application Security business.

Reflecting the above, order intake for continuing business for the first quarter was down slightly compared to the same period in 2017. However, following a strong April, orders are now showing 7 per cent growth for the first four months of 2018 compared to the same period last year.

Overall, management’s expectations for the year remain unchanged.

Key strategic highlights in the period included the launch of a new global partner programme to expand our reach in growth areas such as cloud and virtualisation, cyber security and automotive technology. At the recent Mobile World Congress 2018 in Barcelona we showcased our 5G solutions for Massive MIMO and core network testing. We also partnered with China Mobile in a demonstration of its NovoNet next-generation network transformation project where we are playing a pivotal role in the development of the automated integration and delivery system and providing a network functions virtualisation infrastructure test capability.

The balance sheet remains strong, with cash of \$136.3 million as at 31 March 2018, up from \$128.4 million at 31 December 2017. The final and special dividends previously announced, amounting to circa \$45 million, are expected to be paid on 4 May.

### Results

The results for the first quarter are set out below:

\$ million	1 <sup>st</sup> quarter 2018	1 <sup>st</sup> quarter 2017 <sup>1</sup>
Revenue	<b>97.9</b>	103.8
Adjusted operating profit <sup>2</sup>	<b>2.1</b>	7.1
Net cash	<b>136.3</b>	115.8

#### Notes

1 Continuing businesses – excluding businesses divested in 2017.

2 Adjusted operating profit in the first quarter of 2018 and 2017 is before charging acquired intangible asset amortisation and share-based payment totalling \$1.7 million and \$2.6 million, respectively.

**Networks & Security**

Revenue was \$60.5 million in the first quarter of this year, compared to \$64.3 million for the same period in 2017.

We continue to maintain our leadership position in high-speed Ethernet testing, with ongoing investment by Chinese carriers offsetting some softness in the Americas. Additional key strategic wins with leading network equipment manufacturers position us well for high-speed Ethernet 400G acceleration in the second half of this year.

Our world-leading Positioning business opened a new research laboratory in Paignton to increase our development capacity for multi-sensor performance in new applications, such as autonomous vehicles and space navigation. It also released expanded support for the Chinese BeiDou GNSS signals in its solutions, reflecting the growing importance of BeiDou in Asia and beyond. Expectations of timing for key US Federal government Positioning wins remain unchanged, with multiple deals expected over the next six months.

**Lifecycle Service Assurance**

Revenue in the first quarter was \$21.6 million, compared to \$22.5 million in the same period last year. The pipeline continues to build which supports growth in the second half of the year, with additional trials underway with both existing and new customers.

Our VisionWorks product continues to be well received by our key customers, with a further multi-million dollar win in the period from a Tier-1 multi-system operator that is automating its service assurance workflows for their enterprise customers.

In addition, we were pleased to announce that we have joined the Linux Foundation Networking Fund becoming the first test solution vendor to support the development of a new Open Source ecosystem for telecom service assurance that reflects the increasing adoption of cloud and virtualisation techniques.

**Connected Devices**

Revenue in the period was \$15.8 million compared to \$17.0 million from continuing businesses in the first quarter of 2017, reflecting the ongoing decline in the smartphone testing market. Following strong cost reduction actions last year, profitability remains ahead of last year.

We received the first order from a Chinese equipment manufacturer for our Wireless 5G Massive MIMO solution after successfully demonstrating 5G Over-the-Air Massive MIMO Beamforming, collaborating with key Chinese equipment manufacturer Huawei and leading a Chinese test laboratory; an important achievement as we prepare to support 5G developments.

**Commenting on the results, Eric Hutchinson, Chief Executive Officer, said:**

“The business performed to plan in the first quarter, and I am pleased with the further key strategic wins and the number of new trials for our VisionWorks product within our Lifecycle Service Assurance business, the momentum building for high-speed Ethernet (400G) and demand for security testing underpinning growth which is expected in the second half of the year. Spirent witnessed a strong April order intake, the Board is confident that the Group will show progress in 2018, and our expectations for the year remain unchanged.”

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**About Spirent Communications plc**

Spirent Communications plc is a global leader in test and measurement inspiring innovation within development labs, communication networks and IT organisations. We enable today's communication ecosystem as well as tomorrow's emerging enterprises to deploy life enriching communications networks, devices, services and applications. Further information about Spirent Communications plc can be found at <https://corporate.spirent.com/>.

Spirent Communications plc Ordinary Shares are traded on the London Stock Exchange (ticker: SPT; LEI: 213800HKCUNWP1916L38). 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 <https://www.otcm Markets.com/marketplaces/otc-pink>.

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