

## SPIRENT COMMUNICATIONS PLC [SPT.L]

Spirent Communications plc enables service provider networks, data centers, enterprise information technology (IT), mobile communications, connected vehicles or the Internet of Things to communicate and collaborate. The Company's segments include Networks & Applications, Wireless & Service Positioning and Service Assurance. The Networks & Applications segment develops solutions for functional, performance and security testing of various networks and applications that simulate real-world conditions in the lab, before a commercial launch. The Wireless & Service Positioning segment provides functional and performance test systems that enable customers to develop smartphones and other wireless connected devices, as well as positioning, navigation and timing systems for military, research and other high-precision applications. The Service Assurance segment provides solutions to enable service providers to turn-up new services, and diagnose and troubleshoot network and customer issues.

**Company Facts** <https://www.spirent.com/>

<b>Ticker</b>	<b>MarketCap</b>	<b>Sector</b>	<b>Exchange</b>	<b>Currency</b>	<b>Indices</b>
SPT	£982m	Technology	LSE	GB £	FTSE250

### Key Features

- The UK Technology company fully involved in leading the way in testing, assurance, analytics, and security to assure the capabilities and performance of networks, network equipment, devices, and services.
- Its involvement in service provision to its customers includes service assurance and analysis, Cloud Infrastructure, High Speed Network Testing, Cybersecurity and compliance, Positioning, Navigation and Timing, Wireless performance.
- Catalyst in the early involvement in delivering 5G communications including integration with their applications onto National Instruments 5G platform (H2 2019 product release)
- Spirent's Landslide E10 network test platform was used with O2 to validate the Wi-Fi network performance and capacity at the Coca-Cola London Eye, before the launch of a new smartphone application.
- Early adopter in providing systems based assistance in connected autonomous vehicles
- 2018 Strengths include Market leadership for 100G AND 400G Ethernet Testing, strong balance sheet, portfolio delivering revenue growth and improved operating margin
- Spirent actively involved in concentrating on growth platforms including 5G, virtualisation, Cyber security
- Over 30 customer wins in 2018 with OEMs, NEMs, &SPs and New collaborations with 5G industry innovators including National Instruments and University of Surrey
- Extend its market leadership and market share gains in positioning solutions with Growing business in the USA and China.
- Example of innovation – providing wireless performance to keep offshore oil platforms connected. The Spirent team tailored a solution based on the Vertex RF Channel Emulator allowing customer no longer dependent on expensive field testing.
- Year on year share performance increase 43.7%. (21 May 2018 £1.11 20 May £1.59)

### Financial Performance

- [2018 Full Year Results Presentation CLICK HERE](#)
- Key Metrics Revenue up 6% to \$476.9m, Healthy cash flow balance \$121m. Operating margin at 16.2%

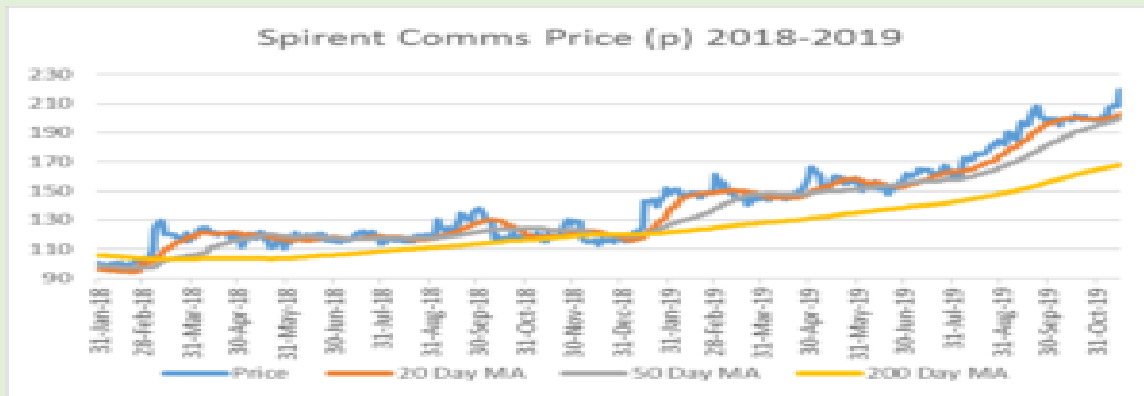
## Key Statistics

<u>SPT.L</u>	31/12/2017	31/12/2018	Change
	\$m	\$m	%
Total Revenue	454.8	476.8	+4.84
Gross Profit	325.0	344.5	+0.06
Net Tangible Assets	190.5	197.5	+3.67
Total Assets	518.6	512.7	-0.01
Long Term Debt	0	0	–
Current Ratio (Times)	2.18	2.11	-0.03
Piotroski F Score – indicating very healthy situation	8	8	–

## TECHNICAL ANALYSIS – Technical Diagnosis – Revised Nov 2019

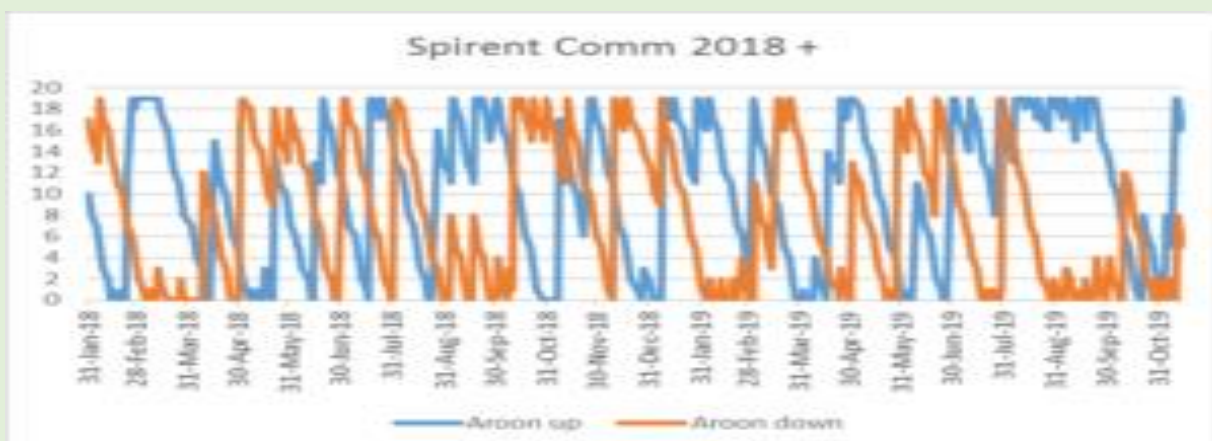
[Original Spirent Tech Analysis April 2019](#)

### Share Performance [Revised]



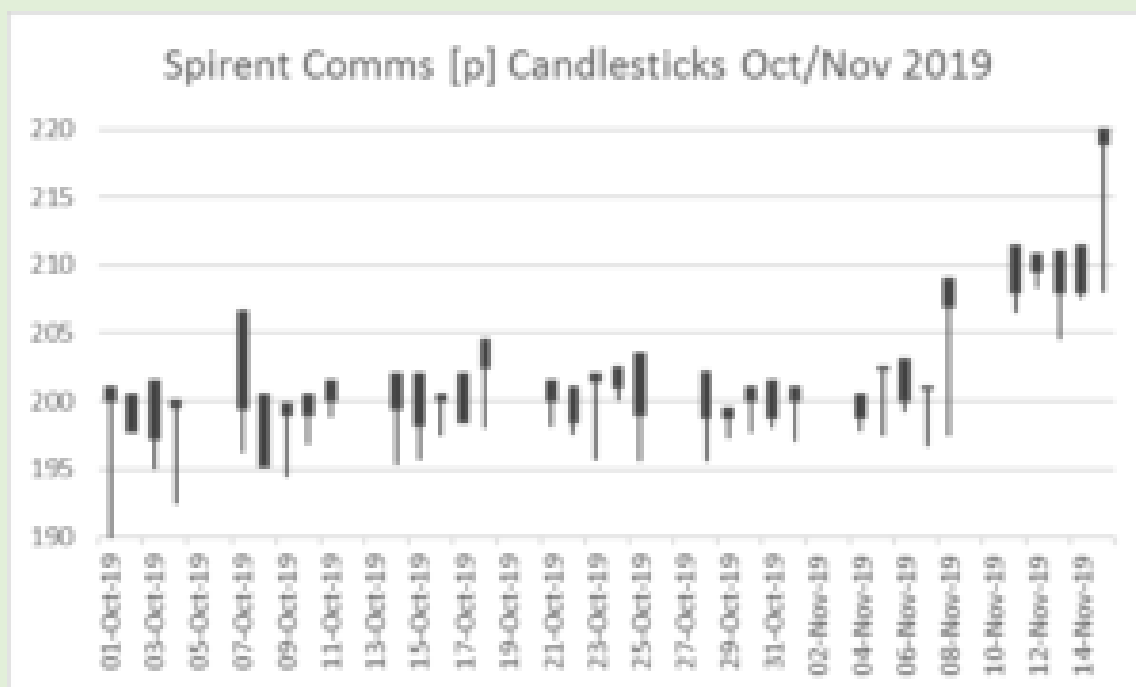
Share price performance since 2018 has been on an incline with the trend reinforced by the continuous rising 200 day Moving Average. In the main, moving averages confirm the upward trajectory of the share price. Consolidation throughout 2018 has turned into share price increase from the start of 2019. From March 2019 a cup and handle pattern formed, substantiated by continued increase in share price performance. The share price has seen a 83% increase since the start of 2019 [£1.20 to £2.19] [Nov 2019] implying that price momentum has been to the upside. The elevation of the share price from April to September guided by market sentiment saw consolidation in October 2019. November has once again seen a resumption of interest as Spirent heading towards higher trajectory. Share price growth cannot be guaranteed as one must always consider a retracement and consolidation to take place. Taking into consideration current interest in 5G communications one must consider that potential is still there for continued optimism.

### Aroon Performance



For purpose of clarification, a 20 period Aroon is calculated for Spirent, the rationale, it being consistent with R. Donchian's four week channel breakout methodology period. As an excellent confirmatory tool of price action, aroon performance provides guidance on early price direction based on previous periods highs and lows. Over the period since 2018 the aroon pattern has been consistent with the volatility and price trend gyration of Spirent, the Aroon has pared and reflected well with price action. When Aroon UP(Blue) and Down(Orange) are at the opposite extremes, price action normally follows per se. When Aroon UP is 20 and Aroon down is 0 (zero), price heads northwards. And vice versa. The recent spike in price action is reflected in the aroon up (blue) hitting its maximum 20. Since July The aroon UP has consistently been in positive zone for much of the time suggesting that previous years highs are becoming a dominant feature of this shares price action. Continued adherence for aroon UP to be close to its maximum suggests that the trend may will continue. Any significant change where aroon UP closes below 50 and aroon down closes above 50 would indicate a change of trend and therefore price action. If price action continues to see Aroon past the £2.00 range then aroon UP may well continue to return to its maximum and return Aroon DOWN return to zero.

### Candlestick Performance



Long tail action has been the apparent feature of candlestick price performance over October/ November 2019. By definition each daily candles have shown volatility where end of day price seems to retrace from the highs of the day. From the beginning of November candlestick spikes have been in existence where bullish sentiment has seen Spirent exceed its recent threshold of £2.00. The breakout from this level looks like it has been supported at the institutional level. And with the long legged doji on the 15 November suggesting that market confidence is the current theme for share performance. The powerful doji could well suggest that market sentiment may again propel the share into new price territory but as always this can not be guaranteed.

### Trading Action–

I bought 4270 shares @ £1.453 on 10 April 2018, a further 4000 shares @ £1.626 on 1 May 2019. a further 1730 shares on 24 July, a further 2000 shares @ £1.675 on 26 July and 2000 shares @ 1.905 on 11 September 2019. Further purchases of 1000 shares @ £ 2.0175 made on the 6 November. 1000 shares @ £2.35 made on 18 April. 1000 shares @ £2.06 on 9 January 2020

Current Price on 25 November 2020 £2.44