

20 January 2016

Sprue Aegis plc
("Sprue" or the "Company")

Trading update
and
Product and technology update

Sprue (AIM: SPRP), one of Europe's leading home safety products suppliers, today issues a trading update ahead of the release of its audited final results for the year ended 31 December 2015, which are expected to be announced in mid-April 2016.

2015 was another record year of trading for Sprue, reflected in both strong sales and operating profit* being ahead of market expectations. The Board expects the sales for the year ended 31 December 2015 to be approximately £88.3m (up 35% on the prior year) and the operating profit* to be approximately £12.1m (up 16% on the prior year). These figures are subject to audit.

A significant increase in sales into France in the first half of 2015 was the principal driver of the 34% increase in European sales in the year compared to the prior year. As expected, sales into France softened considerably in H2 2015.

Pleasingly, in the year ended 31 December 2015, UK sales increased by 33% compared to 2014 largely due to higher carbon monoxide detector sales as a result of the introduction of landlord legislation and increased marketing activity by Sprue. Each of Sprue's UK Utilities and Leisure, UK Retail and UK Trade business units reported record sales in the year. Sales into the UK Fire & Rescue Services were also boosted by the funding provided by the Department for Communities and Local Government in 2015.

At like-for-like exchange rates with 2014, the operating profit* for the year ended 31 December 2015 would have been approximately £19.7m, being approximately £7.6m higher than the expected operating profit* set out above. The significant net adverse impact on gross margin in the year was principally as a result of the strength of Sterling against the Euro and the weakness of Sterling against the US Dollar.

As indicated in the Company's announcement dated 13 July 2015, the Company committed to invest in the equivalent of approximately 2 months' stock to mitigate against the risk of potential supply chain disruption from the relocation of the trading activities of the Group's principal smoke alarm and accessories supplier, CICAM in China. As subsequently announced on 10 December 2015, the activities of CICAM were successfully relocated before the end of 2015. Sprue's year end stock at 31 December 2015 was approximately £7.3m higher than the prior year end at £15.6m (31 December 2014: £8.3m). The Board expects stock levels to normalise by the end of 2016.

Despite the significant increase in inventory in the year, the Company's balance sheet remains strong with £22.4m of cash at year end (31 December 2014: £15.9m) and no debt at 31 December 2015 (31 December 2014: £nil debt).

Outlook

Whilst the Board expects the 2016 full year results to be in line with market expectations, consistent with historical trading patterns, the results are expected to be strongly weighted towards the second half of the year with sales into Continental Europe, UK Retail and UK Trade anticipated to be significantly stronger than in the first half. A further update on trading will be provided in mid-April 2016 at the time of the release of the Company's audited final results for the year ended 31 December 2015.

Product and technology update

The Group's new range of mains powered products went into full production in December 2015 after production set up issues which delayed the full launch of the product range during the year. Sprue's hard wired SONA and FireAngel Pro branded product sales in 2015 were approximately £0.2m in total (2014: £nil) and are expected by the Board to increase significantly in 2016.

The Nano-905, the Company's miniaturised version of its established carbon monoxide sensor was incorporated in seven year "sealed for life" carbon monoxide detectors sold in December 2015 and is being rolled out across Sprue's carbon monoxide product range in the first half of this year.

The Company is pleased with the progress of its connected homes strategy to wirelessly connect Sprue's home safety products to the internet using its Wi-Safe II technology which allows remote monitoring of Sprue's products over the web. Further details of the Company's progress in its connected homes strategy will be provided in the final results which are expected to be published in mid-April 2016.

The Company reaffirms its commitment to continue to develop its own technology in-house and to deliver innovative, technology led, market leading home safety product solutions to position itself as the market leader in each of the markets it serves.

**Operating profit in 2015 of £12.1m is stated before share based payments charge of £0.5m (2014: operating profit of £10.4m is stated before exceptional AIM costs of £0.5m and share based payments charge of £0.2m)*

– Ends –

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Notes to Editors

About Sprue Aegis plc

Sprue's mission is to protect, save and improve our customers' lives by making innovative, leading edge technology simple and accessible.

Sprue is one of the market leaders in the European home safety products market. Its principal products are smoke alarms and CO alarms and accessories and the Group has an extensive portfolio of patented intellectual property. Sprue has patented its technology in Europe, the US and other selected territories.

The introduction of new technologically advanced products and new safety products legislation in the UK and in Europe, and increasing levels of awareness of the dangers of smoke and CO, continue to drive sales.

Sprue manufactures CO sensors at its subsidiary, Pace Sensors for use in its CO alarms. All other manufacturing and product assembly is outsourced to two principal third party contract manufacturers in China, one of which is Jarden Corporation which owns 23.6% of the Group and Pace Technology which is independent from Jarden Corporation.

Sprue enjoys a leading sales footprint in UK Retail and the UK's Fire & Rescue Services. The Group also supplies the UK's Utility and Leisure sector which includes customers such as British Gas and Scottish Gas and has a well-established but relatively low market share of the UK Trade sector. Sprue has a rapidly growing business in Continental Europe mainly selling through a network of independently owned third party distributors

The Group has won a number of prestigious Sunday Times *Virgin Fast Track 100* Awards, which recognises the 100 fastest growing companies in the UK. Sprue's head office is in Coventry and it has a second office in Gloucester. Warehousing is located in Cambridge and Gloucester

Sprue's range of products is comprehensive, allowing the Group to tailor the range of smoke alarms, CO alarms and accessories to suit its customer needs at various price points under the following brands:

- **FireAngel.** A market-leading and innovative battery operated alarm principally targeted at UK Retail and UK F&RS
- **AngelEye.** Launched in 2012, Sprue sells smoke alarms and CO detectors principally into the French market under the AngelEye brand and to Sainsburys in the UK. AngelEye has become a leading brand targeted at the DIY channel in France
- **SONA.** A new, low power mains powered range of smoke and heat alarm products plus CO detection that are market leading and which can be wirelessly interconnected with up to 50 products on a single network
- **FireAngel Pro.** Mains-powered smoke alarm with a 10 year, sealed for life lithium battery back-up. Modern design, quick fitting, tamper-proof mounting plate which locks the alarm head securely in place. Mounting plate has wide, easily accessible connection to the mains feed. Cable knock-out allows for compatibility with YT2 cable trunking
- **Pace Sensors.** CO sensors used within Sprue's CO products are developed by Sprue and Pace Sensors, Sprue's wholly owned subsidiary in Canada. Pace Sensors' CO sensors are used within all FireAngel, AngelEye and Pace Sensors CO detectors and certain First Alert branded CO detectors

Sprue has the exclusive rights to distribute the products and brands of BRK Brands Europe Limited (a subsidiary of Jarden Corporation) in Europe namely, First Alert, BRK and Dicon. First Alert is one of the leading safety products brands in North America.

For further product information, please visit: www.sprue.com.