

2017 Baird Global Industrial Conference

2017 Allegion Overview Pioneering Safety

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Redefining
security.



ALLEGION
PIONEERING SAFETY™

ALLEGION
TRADES ON THE NYSE

Safe Harbor

This presentation contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding the Company's 2017 financial performance, the Company's growth strategy, the Company's capital allocation strategy, the Company's tax planning strategies, and the performance of the markets in which the Company operates. These forward-looking statements are based on the Company's currently available information and our current assumptions, expectations and projections about future events. They are subject to future events, risks and uncertainties - many of which are beyond the Company's control - as well as potentially inaccurate assumptions, that could cause actual results to differ materially from those in the forward-looking statements. Further information on these factors and other risks that may affect the Company's business is included in filings it makes with the Securities and Exchange Commission from time to time, including its Form 10-K for the year ended Dec. 31, 2016, Form 10-Qs for the quarters ended March 31, 2017, June 30, 2017, and Sept. 30, 2017, and in its other SEC filings. The Company assumes no obligations to update these forward-looking statements.

The Company presents operating income, operating margin, net earnings, diluted earnings per share (EPS), on both a U.S. GAAP basis and on an adjusted basis, organic revenue growth on a U.S. GAAP basis, and also presents adjusted EBITDA and adjusted EBITDA margin. The Company presents these measures because management believes they provide useful perspective of the Company's underlying business results, trends and a more comparable measure of period-over-period results. These measures are also used to evaluate senior management and are a factor in determining at-risk compensation. Investors should not consider non-GAAP measures as alternatives to the related GAAP measures.

Safe Harbor

The Company defines the presented non-GAAP measures as follows:

- Adjustments to revenue, operating income, operating margin, net earnings, EPS and EBITDA include items that are considered to be unusual or infrequent in nature such as goodwill impairment charges, restructuring charges, asset impairments, merger and acquisitions costs, debt refinancing costs, and charges related to the divestiture of businesses.
- Organic revenue growth is defined as U.S. GAAP revenue growth excluding the impact of divestitures, acquisitions and currency effects.
- Available cash flow is defined as U.S. GAAP net cash from operating activities less capital expenditures.

These non-GAAP measures may not be defined and calculated the same as similar measures used by other companies. A reconciliation of the non-GAAP measures used to their most directly comparable GAAP measure is presented as a supplemental schedule in the earnings release that can be found at www.allegion.com.

Company Highlights



A leading global provider of security products and solutions



Serving residential and non-residential end markets



Strong brands with leading market positions



Industry-leading organic growth and EBITDA margins



High level of cash flow conversion performance



Balanced and flexible capital allocation strategy



Innovative culture driving increased vitality index



Industry-leading safety record



Continued strong industry fundamentals

Key Strategies



Expand in Core Markets

- Channel management and demand creation
- Commercial retrofit and renovation
- Residential electronics and home automation



Innovation in Existing & New Product Categories

- Accelerate new product development / vitality index
- Growth of electronic product portfolio
- Global platforming



Opportunistic Acquisitions

- Expand geographic presence
- Emerging technology
- Expand product portfolio



Enterprise Excellence

- EMEIA transformation
- Enhanced customer experience and lead times
- Continuous improvement



Growth in Emerging Markets

- Asia Pacific
- Investing in localized products and supply-chain capabilities



About Allegion™

Allegion (NYSE: ALLE) is a global pioneer in safety and security, with leading brands like CISA®, Interflex®, LCN®, Schlage®, SimonsVoss® and Von Duprin®. Focusing on security around the door and adjacent areas, Allegion produces a range of solutions for homes, businesses, schools and other institutions. Allegion is a \$2 billion company, with products sold in almost 130 countries.

NYSE: ALLE

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