



BAML Global Industrials & EU Autos Conference 2016

2016 Allegion Overview

Pioneering Security Around the World

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March 15, 2016

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 2016 financial performance, the Company's growth strategy, the Company's capital allocation strategy, the Company's EMEIA strategy 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 our 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, 2015. The Company assumes no obligations to update these forward-looking statements.

This presentation also contains revenue, operating income, operating margin, EBITDA, EBITDA margin and diluted earnings per share (EPS) from continuing operations on both a U.S. GAAP basis and on an adjusted basis because the Company's management believes it may assist investors in evaluating the Company's ongoing operations as a standalone company. The Company believes these non-GAAP disclosures provide important supplemental information to management and investors regarding financial and business trends relating to the Company's financial condition and results of operations. Investors should not consider these non-GAAP measures as alternatives to the related GAAP measures. A reconciliation of the non-GAAP measures used to their most directly comparable GAAP measure is presented as an appendix to this presentation.

Allegion Investment Merits



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 conversion performance



Broad distribution network



Balanced and flexible capital allocation strategy

Global Reach

\$2,068 Million in 2015 Revenue

7,000+ Channel Partners

AMERICAS

\$1,558.4 Million in 2015 Revenue

5,800+ Regional Employees

EMEIA

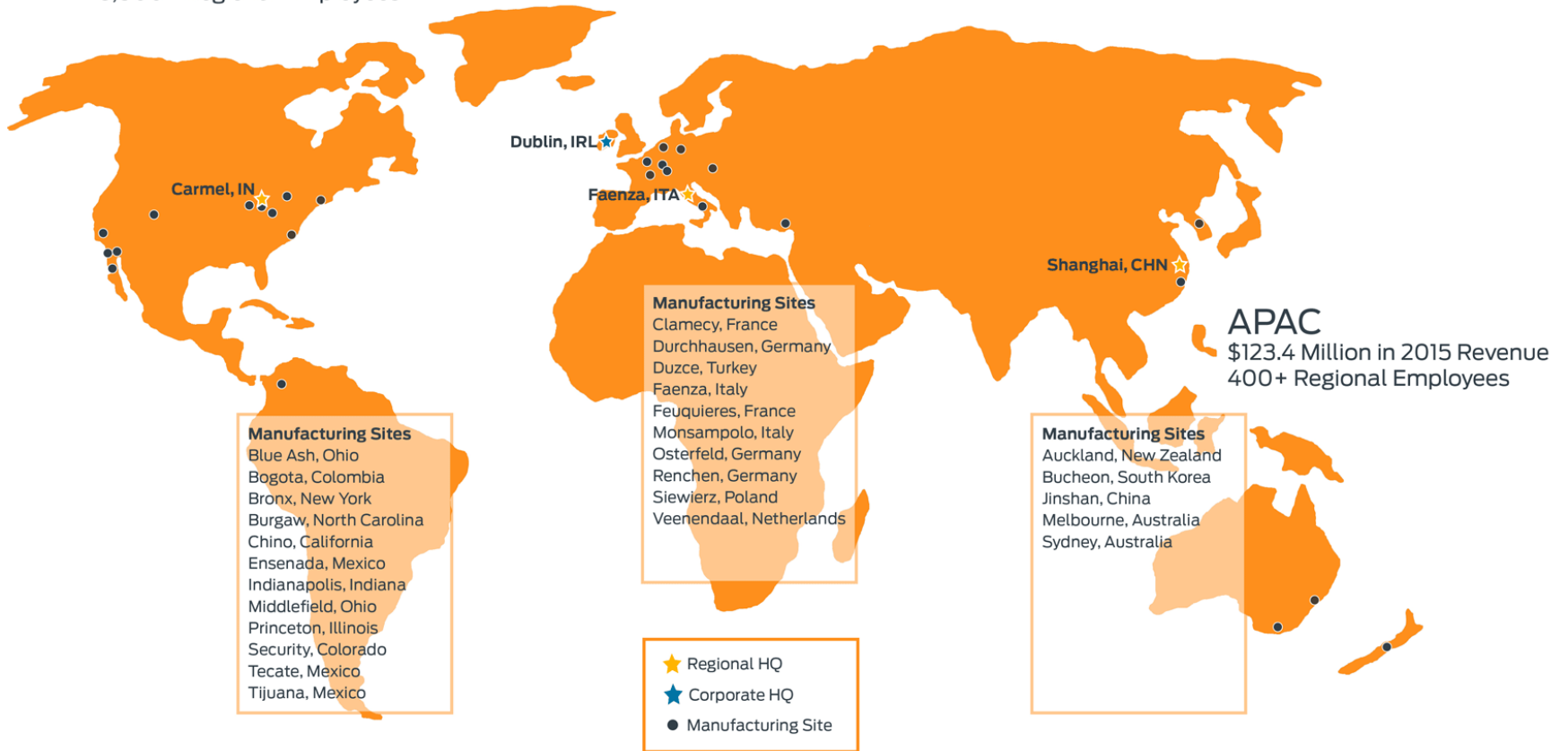
\$386.3 Million in 2015 Revenue

2,700+ Regional Employees

APAC

\$123.4 Million in 2015 Revenue

400+ Regional Employees



Our Brands

Enterprise Brand



Corporate Brands



A Long Legacy of Excellence

What We Sell

Secure the Door

- Exit devices
- Mechanical locks
- Key systems
- Electronic locks
- Readers
- Credentials
- Electronic strikes
- Doors and frames
- Hinges
- Accessories



Control the Door

- Door closers
- Automatic operators
- Coordinators



Protect the Door

- Kick plates
- Door pulls
- Edge guards



Portable Security

- Padlocks
- Cable locks
- Bike locks



Leading Electro-Mechanical Convergence

Residential

1. AXA Remote 2.0 Window Opener
2. Milre Rim Lock 430 SD
3. Schlage (China) SEL 420 Electronic Anti-burglary Lock
4. Schlage Sense
5. Schlage Touch
6. Schlage Control

Commercial

7. aptiQ Mobile
8. CISA eSIGNO
9. Interflex eVAYO WLAN Reader
10. Schlage AD-400
11. Schlage L909x
12. Schlage NDE with ENGAGE
13. SimonsVoss Smart Intego System
14. Von Duprin Quiet Electric Latch Retraction



Key Strategies



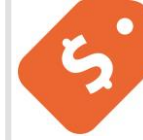
Expand in Core Markets

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



Innovation in Existing & New Product Categories

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



Opportunistic Acquisitions

- Emerging markets
- Emerging technology
- Expand product portfolio



Enterprise Excellence

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



Growth in Emerging Markets

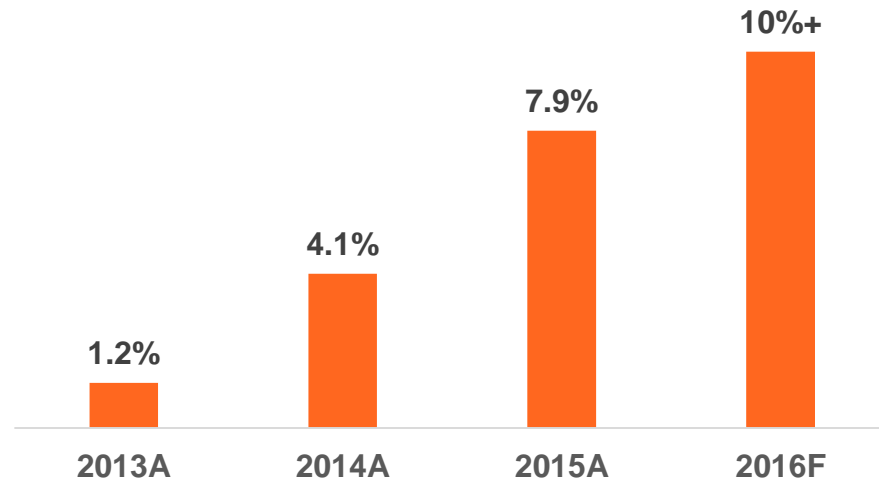
- Latin America
- Asia Pacific
- Investing in localized products and supply-chain capabilities

EMEIA Business Transformation

Restructuring / Transform Business

- Exited unprofitable business
- Resized regional headquarters
- Delivered operational efficiency
- Improved customer delivery / profitability

EMEIA Adjusted¹ Operating Margin (%)



Improved Operating Performance; Driving to Operating Margin >10%

¹See appendix for non-GAAP reconciliations

Capital Allocation Strategy

Leverage Management

- Target 2.75-3.25x of gross Debt/Adj. EBITDA
- End 2015: 3.5x of gross Debt/Adj. EBITDA
- Continued EBITDA growth and debt amortization will reduce leverage to target range in 2016

Organic Growth Investment

- Expand core portfolio and channel capability
- Accelerate new product development
- Enterprise excellence
- Self-funding

M&A

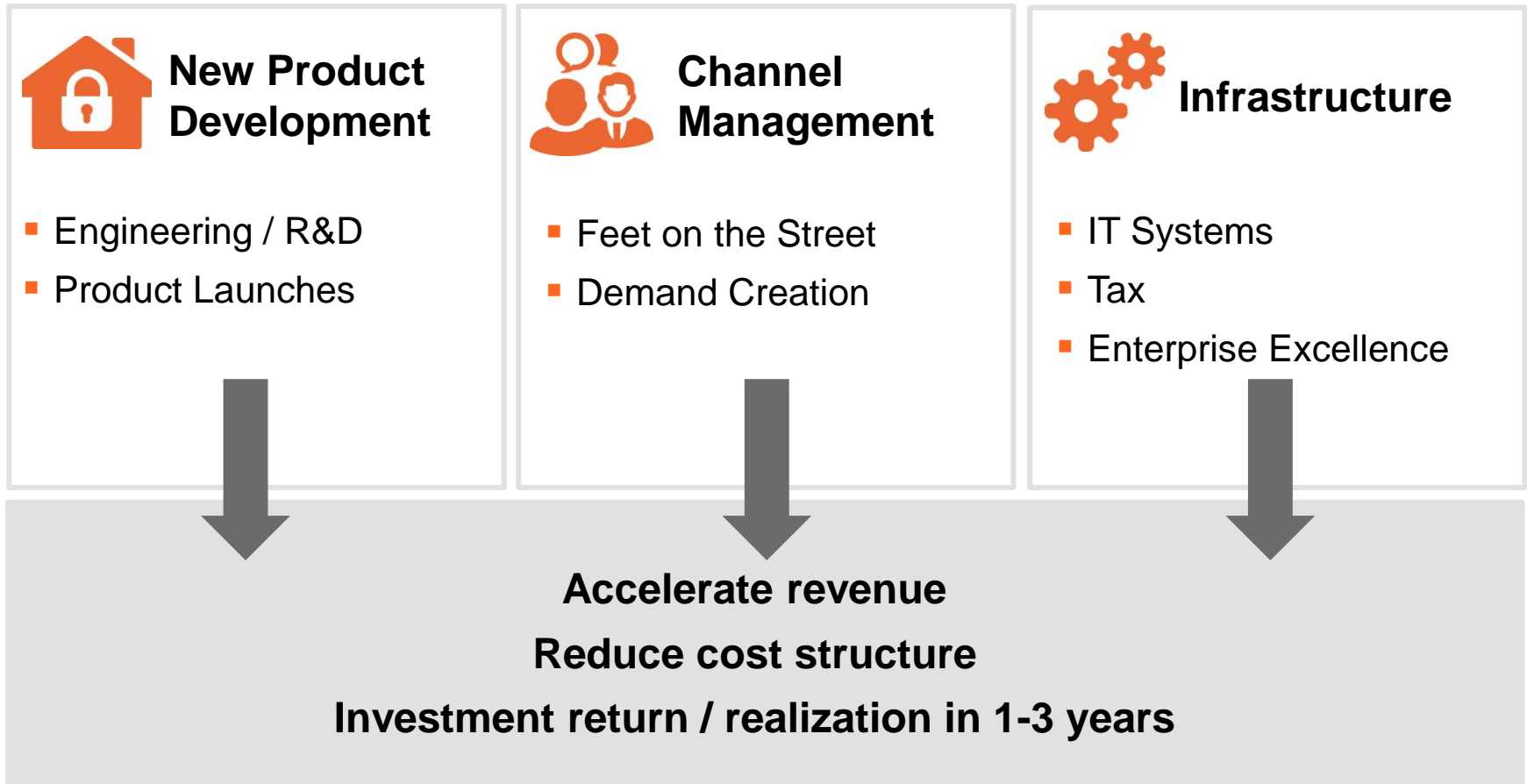
- Product / market expansion and increased presence in emerging markets and technologies
- Disciplined approach to acquisition management

Shareholder Distribution

- Q1 2016 quarterly dividend increased 20% to \$0.12 per ordinary share
- \$200 million share repurchase program announced; Executed \$80.3 million LTD

Balanced & Flexible Capital Allocation Remains a Priority

Organic Investments



Standardized Process, Prioritization & Post-Implementation Review

M&A Platforms / Thresholds

Platforms



Key Acquisition Criteria

- Aligned with strategic direction and in our core
 - Strong business and market fundamentals
 - Targets with leadership position and ability to scale
 - Clear synergy opportunities
- Return on Invested Capital >12% by year 3

Focused & Disciplined Approach

Recent Acquisitions - 2015



- Leading European electronic locks manufacturer based in Germany
- Strong legacy of innovation and technical expertise
- Strong cash flow characteristics
- Complementary product portfolio with digital cylinders and smart handles

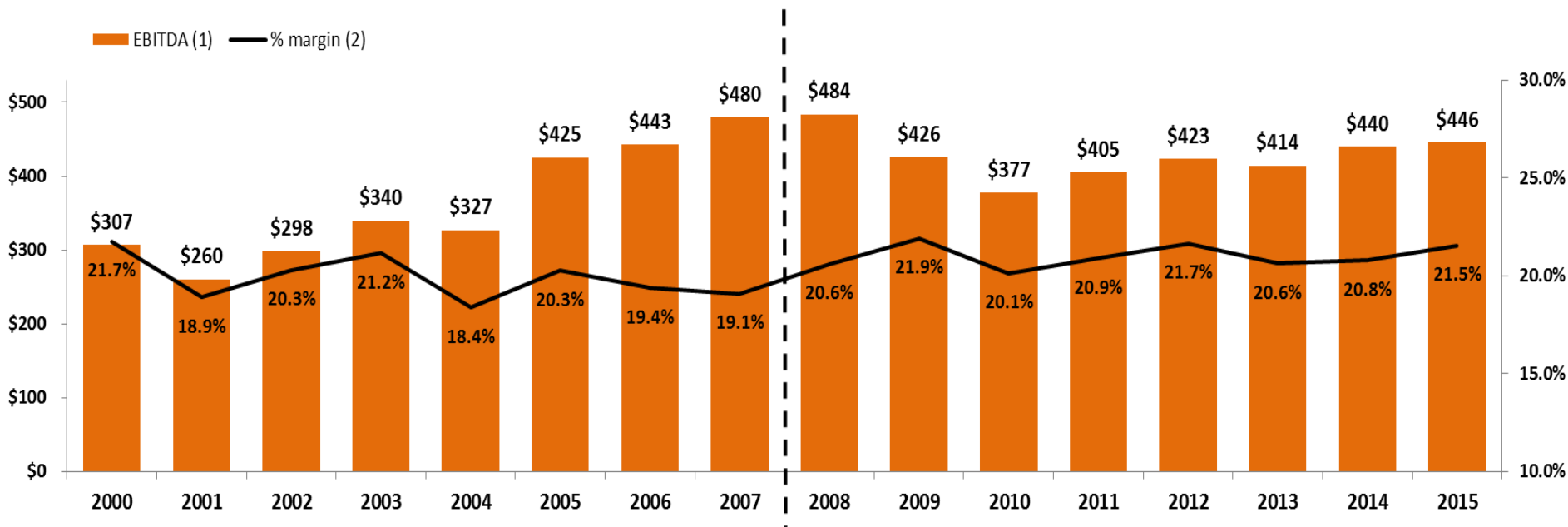


- Innovative residential and portable security product provider headquartered in the Netherlands
- Strong channel and end-user relationships
- Complementary portfolio with portable locks, lighting and door accessories



- South Korea digital door lock manufacturer
- Complementary product portfolio with mortise, rim and locker locks
- Well-known brand, strong research and development capability
- Retail and commercial distribution channels

Historical Adjusted EBITDA Margins



¹ Adjusted EBITDA defined as operating income plus depreciation and amortization, excluding discontinued operations, net of tax, other expense, net, goodwill impairment charges, gains on the sale of property, charges related to the devaluation of the Venezuelan bolivar, restructuring costs, acquisition expenses and costs incurred as part of our spin-off from Ingersoll Rand plc.

² Adjusted EBITDA Margin for 2008-2013 calculated using net revenue adjusted for Asia joint venture order flow change.

Adjusted EBITDA and margin presented prior to 2007 were derived from the Security & Safety or Security Technologies segments as reported in Ingersoll Rand's 10-K. These amounts do not reflect the impact of any divestitures that occurred after 2007, changes in accounting standards after 2007 or the impact of certain historical adjustments made to our financial results due to the spin-off from Ingersoll Rand.

2008-2013 net income is adjusted for LIFO to FIFO conversion.

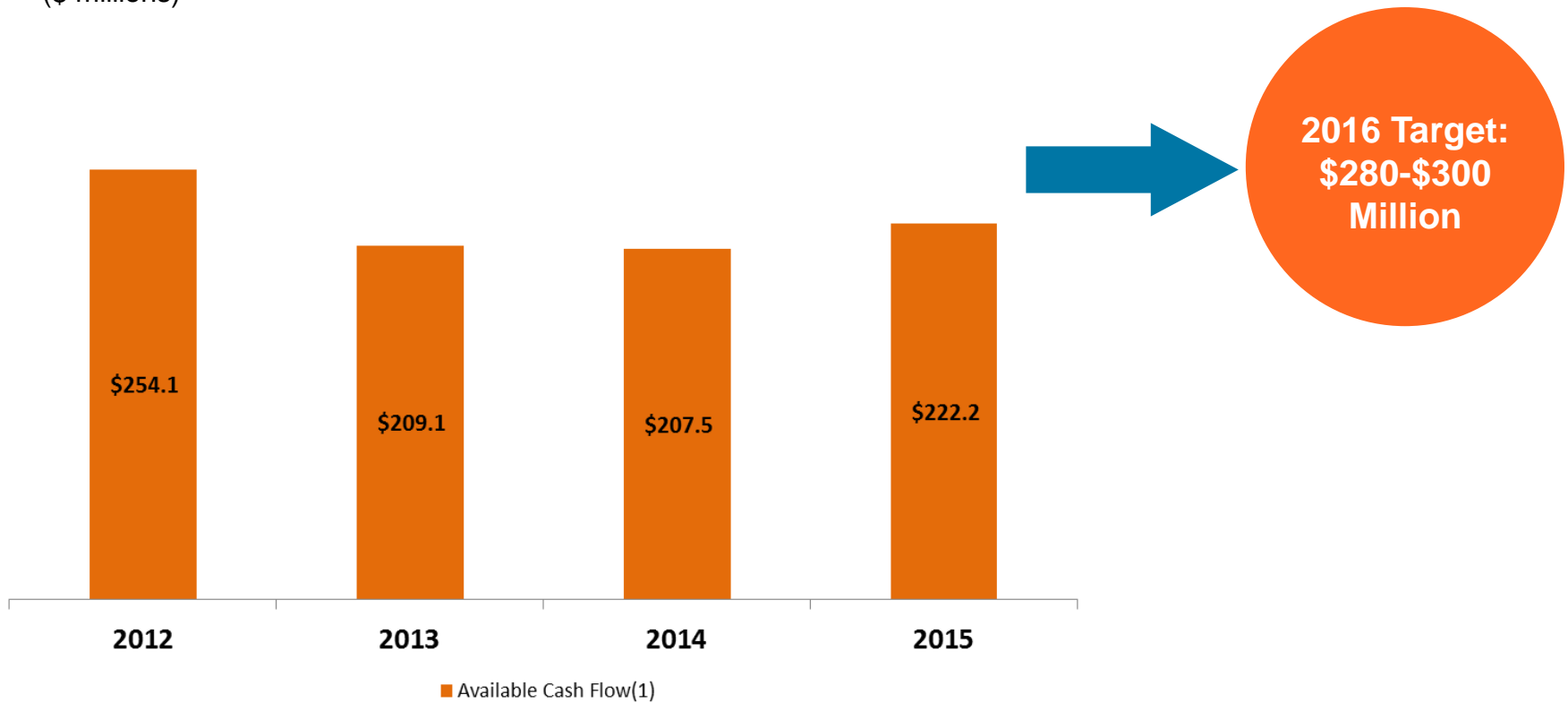
2009-2013 net revenues and net income are adjusted for the UK Door Business.

See appendix for reconciliation of GAAP net revenue and net income to adjusted revenue and adjusted EBITDA.

Consistent EBITDA Margin Performance

Strong Cash Flow Generation

(\$ millions)



Stable & Consistent Cash Generation

¹ACF is cash from continuing operating activities less capital expenditures

Summary

- Executing strategy, delivering on commitments
- Delivering solid organic revenue growth
- Implementing successful M&A integrations
- Increasing operating margins net of incremental investments
- Continuing to invest in new products and channel development
- Driving EMEIA transformation to improve profitability
- High level of cash conversion performance



Appendix

Adjusted EBITDA Reconciliation

(in USD Millions)

	2008	2009	2010	2011	2012	2013	2014	2015
Revenue	\$ 2,413.9	\$ 2,006.7	\$ 1,942.4	\$ 1,998.3	\$ 2,023.3	\$ 2,069.6	\$ 2,118.3	\$ 2,068.1
Asia Joint Venture Revenue	(65.3)	(64.5)	(68.9)	(58.6)	(78.0)	(52.0)	0.0	0.0
Adjusted Revenue	2,348.6	1,942.2	1,873.5	1,939.7	1,945.3	2,017.6	2,118.3	2,068.1
Net Income	(76.4)	175.6	194.1	218.9	220.1	32.3	175.2	153.9
<i>Adjustments to arrive at operating income:</i>								
Income tax provision	145.0	144.2	126.8	130.7	136.7	175.0	84.2	54.6
Interest expense (income), net	(1.1)	1.2	1.8	1.4	1.5	10.2	53.8	52.9
Other (income) / expense	(0.7)	14.9	(3.5)	(4.6)	3.1	7.2	4.6	96.4
Noncontrolling interest	0.4	12.4	6.7	6.3	5.7	12.5	(2.6)	0.4
Discontinued operations	(0.6)	1.3	1.1	6.3	4.2	3.6	11.1	0.4
Operating Income	66.4	349.6	327.1	359.1	371.3	240.8	326.3	358.6
<i>% margin (Unadjusted Revenue)</i>	<i>2.8%</i>	<i>17.4%</i>	<i>16.8%</i>	<i>18.0%</i>	<i>18.4%</i>	<i>11.6%</i>	<i>15.4%</i>	<i>17.3%</i>
Restructuring and Other Costs	13.1	25.2	3.0	0.3	8.2	5.8	7.1	16.1
Spin Costs	0.0	0.0	0.0	0.0	0.0	5.8	29.3	0.0
M&A Costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	17.8
Goodwill Impairment	356.8	5.0	0.0	0.0	0.0	137.6	0.0	0.0
Gain on Property Sale	0.0	0.0	0.0	0.0	0.0	(21.5)	0.0	0.0
Venezuela Inventory Impairment	0.0	0.0	0.0	0.0	0.0	0.0	33.3	4.2
Adjusted Operating Income	436.3	379.8	330.1	359.4	379.5	368.5	396.0	396.7
<i>% margin (Adjusted Revenue)</i>	<i>18.6%</i>	<i>19.6%</i>	<i>17.6%</i>	<i>18.5%</i>	<i>19.5%</i>	<i>18.3%</i>	<i>18.7%</i>	<i>19.2%</i>
Depreciation & amortization	47.5	46.0	47.3	46.0	43.8	45.7	44.2	48.8
Adjusted EBITDA	\$ 483.8	\$ 425.8	\$ 377.4	\$ 405.4	\$ 423.3	\$ 414.2	\$ 440.2	\$ 445.5
<i>% margin (Adjusted Revenue)</i>	<i>20.6%</i>	<i>21.9%</i>	<i>20.1%</i>	<i>20.9%</i>	<i>21.7%</i>	<i>20.6%</i>	<i>20.8%</i>	<i>21.5%</i>

EMEIA Adjusted Operating Income Non-GAAP Reconciliation

	Year Ended December 31, 2013		Year Ended December 31, 2014		Year Ended December 31, 2015	
	As Reported	Margin	As Reported	Margin	As Reported	Margin
EMEIA						
Net revenues	\$ 425.3		\$ 393.4		\$ 386.3	
Operating income (GAAP)	\$ (140.7)	(33.1%)	\$ 4.9	1.2%	\$ 8.6	2.2%
Restructuring charges	\$ 5.7	1.3%	\$ 6.7	1.7%	\$ 14.8	3.8%
Spin-off related and other charges	\$ 2.4	0.6%	\$ 4.5	1.2%	\$ 0.5	0.2%
Goodwill impairment charge	\$ 137.6	32.4%	\$ -	-	\$ -	-
Merger and acquisition costs	\$ -	-	\$ -	-	\$ 6.5	1.7%
Adjusted operating income	\$ 5.0	1.2%	\$ 16.1	4.1%	\$ 30.4	7.9%

Note: The 2013 results reflect business as originally reported. The 2014 and 2015 results reflect the divestiture of the UK Door Business.



About Allegion™

Allegion (NYSE: ALLE) is a global pioneer in safety and security, with leading brands like CISA®, Interflex®, LCN®, Schlage® 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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