



Allegion First-Quarter 2016 Results

April 28, 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 tax planning strategies, the Company's ability to successfully implement new information technology systems 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, Form 10-Q for the quarter ended March 31, 2016 and in our other SEC filings. The Company assumes no obligations to update these forward-looking statements.

This presentation also contains operating income, operating margin, EBITDA, EBITDA margin, diluted earnings per share (EPS) from continuing operations and effective tax rate 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 on-going 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 a supplemental schedule in the earnings release that can be found at www.allegion.com.

First-Quarter Financial Highlights

- Revenue of \$502.3 million increased +9.5%, +3.6% on an organic basis¹
 - Americas organic revenue growth +3.4%
 - EMEIA organic revenue growth +3.3%
 - Asia Pacific organic revenue growth +8.0%²
- Adjusted³ operating income of \$84.6 million increased +12.5%; adjusted operating margin of 16.8% up 40 bps versus prior year
 - Americas +20 bps, EMEIA +380 bps, Asia Pacific +1150 bps
 - Incremental investment headwind 80 bps
- Adjusted EPS of \$0.61 increased +19.6%
- Repurchased 0.5 million shares in Q1
- Affirming full year guidance: Revenue growth of 7-8%, organic growth 4-5%; Adjusted EPS of \$3.25 to \$3.40 per share

Solid Start; All Regions Delivered Adjusted Operating Margin Improvement

¹Organic revenue excludes acquisition/divestitures and currency impacts
²Asia Pacific excluding system integration business grew organic revenue 14.3%
³See press release for non-GAAP reconciliations



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2016 Allegion Adjusted Revenue Results

	<u>Q1-16</u>		<u>Q1</u> <u>Reported</u> <u>Growth</u>	<u>Q1</u> <u>Organic</u> ¹ <u>Growth</u>
Price	1.0%	Americas	2.5%	3.4%
Volume	2.6%	EMEIA	45.0%	3.3%
Organic	3.6%	Asia Pacific	-8.4%	8.0%
Acq./Div.	7.2%			
Currency	-1.3%			
Total	9.5%	Total Allegion	9.5%	3.6%

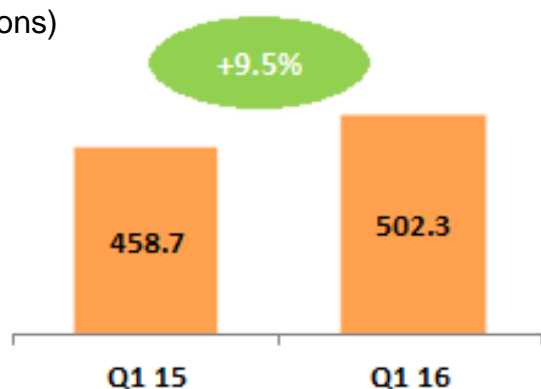
Strong Acquisition Contribution, Pricing Improving

¹Organic excludes acquisitions/divestitures and currency impacts

First-Quarter 2016 Allegion Results

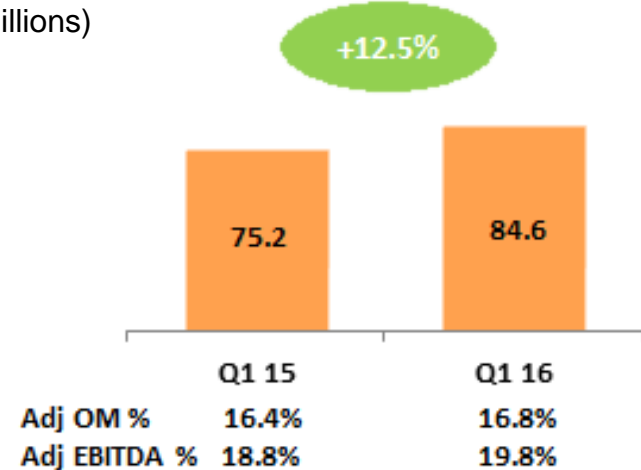
Revenue

(\$millions)



Adjusted Operating Income⁽¹⁾

(\$millions)



Q1 Revenue Performance

- Total growth +9.5%; organic growth +3.6%
- Good price realization
- Organic growth across all regions
- Strong incremental contribution from acquisitions
- Market fundamentals as expected in all regions

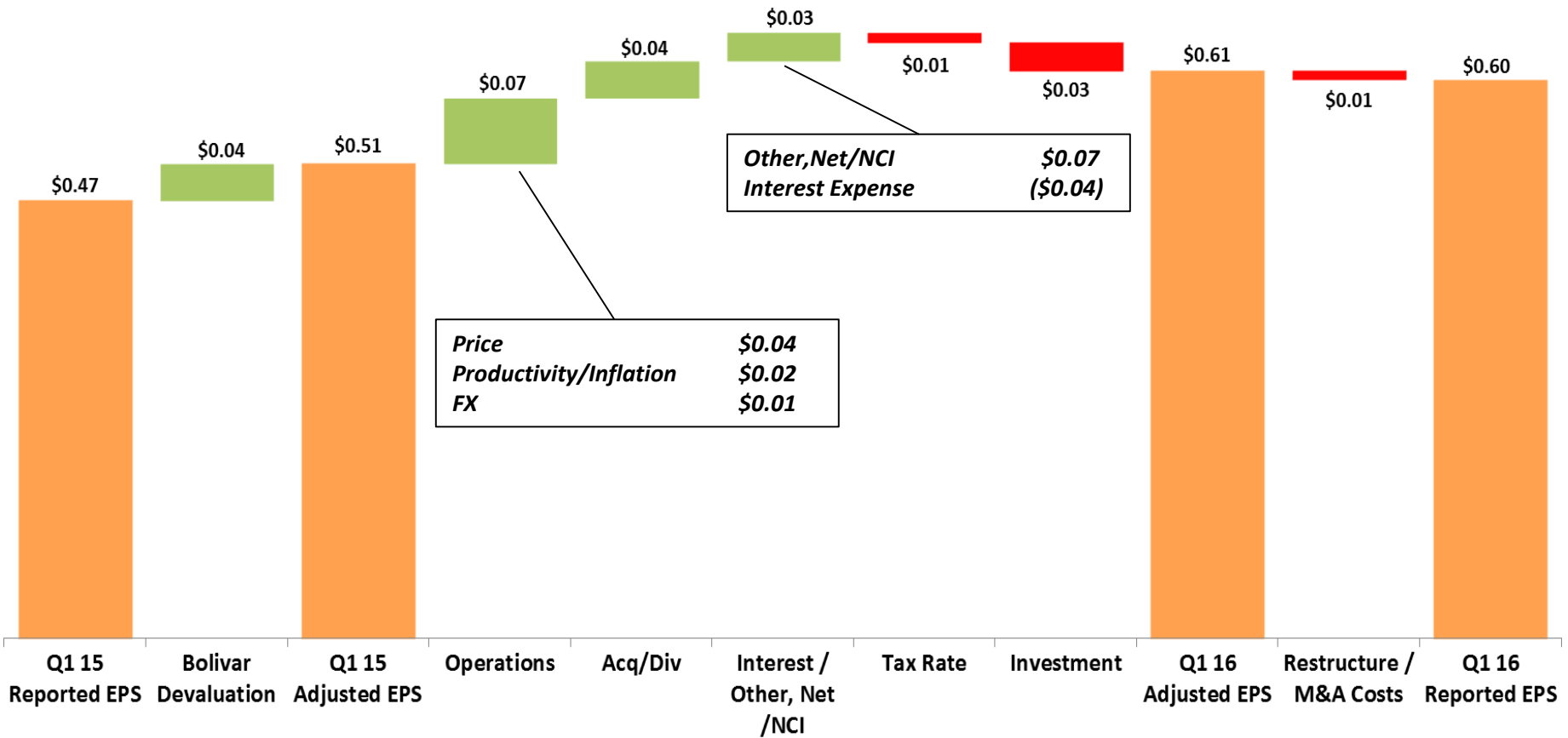
Q1 Adjusted Operating Margin +40bps

- Favorable margin improvement in all regions
- Price and productivity more than offset inflation and incremental investments
- Fourth straight quarter with year-over-year margin improvement

(1) Current year adjusted to exclude restructure, M&A and other costs; prior year excludes Venezuela inventory impairment

First-Quarter 2016 Allegion EPS Performance

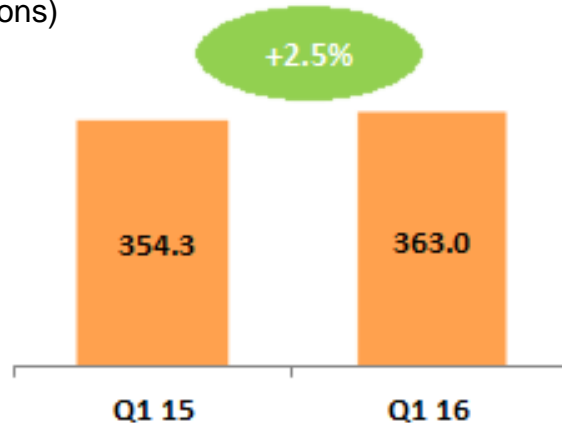
Q1



First-Quarter 2016 Americas Results

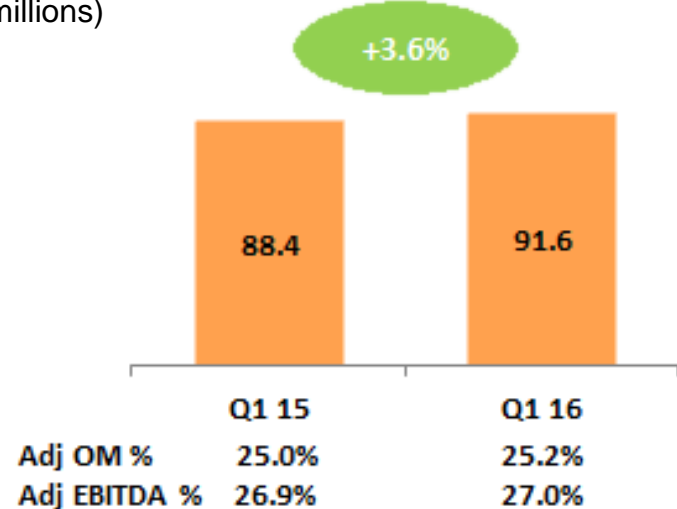
Revenue

(\$millions)



Adjusted Operating Income⁽¹⁾

(\$millions)



Q1 Revenue Performance

- Total growth +2.5%; organic growth +3.4%
- High single-digit growth in residential with strength in all channels
- Low single-digit growth in non-residential with timing effects from transition of ERP system
- First quarter orders consistent with market expectations; Entering Q2 with strong backlog

Q1 Adjusted Operating Margin +20bps

- Favorable margin improvement driven by pricing, material productivity and material deflation
- Continuing to invest in new product development and channel initiatives
- Incremental investment headwind 60 bps

(1) Current year adjusted to exclude restructure and M&A costs; prior year excludes Venezuela inventory impairment

First-Quarter 2016 EMEIA Results

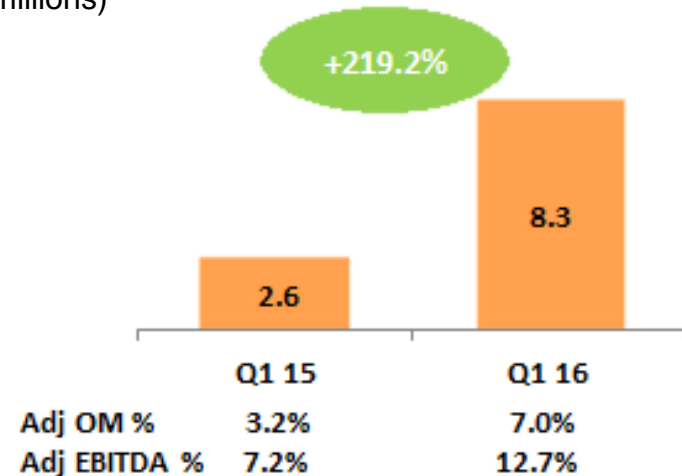
Revenue

(\$millions)



Adjusted Operating Income⁽¹⁾

(\$millions)



Q1 Revenue Performance

- Total growth +45.0%; organic growth +3.3%
- Continued price realization
- Good growth and performance across most geographies
- Acquisitions contributed over \$36 million in the quarter

Q1 Adjusted Operating Margin +380bps

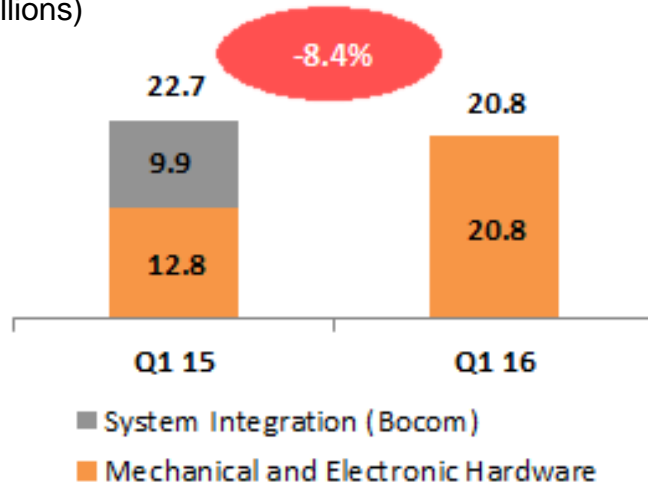
- Fifth consecutive quarter with year-over-year margin improvement
- Price and productivity more than offset inflation and investments
- Strong margin contribution from base business

(1) Current year adjusted to exclude restructure and other costs

First-Quarter 2016 Asia Pacific Results

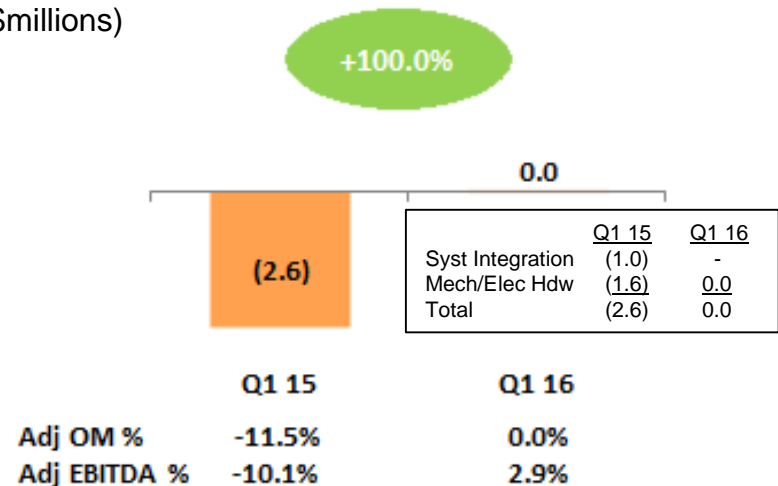
Revenue

(\$millions)



Adjusted Operating Income⁽¹⁾

(\$millions)



Q1 Revenue Performance

- Total growth -8.4%; organic growth +8.0%
- Organic growth excluding system integration +14.3%
- Strong YOY growth in China hardware and Australia/New Zealand
- Acquisitions contributed over \$7 million in the quarter mostly offsetting system integration divestiture

Q1 Adjusted Operating Margin +1150bps

- Operating margin improved approximately +810bps VPY (excluding system integration business and acquisitions)
- Productivity and pricing more than offsets inflation and FX

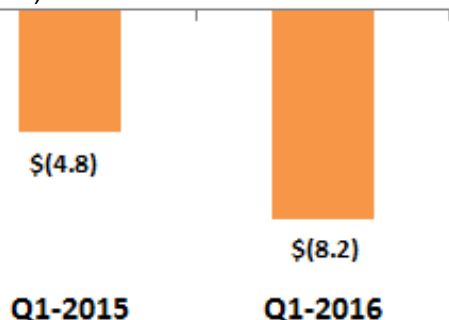
(1) Current year adjusted to exclude restructure costs



First-Quarter 2016 Allegion ACF

Available Cash Flow ¹

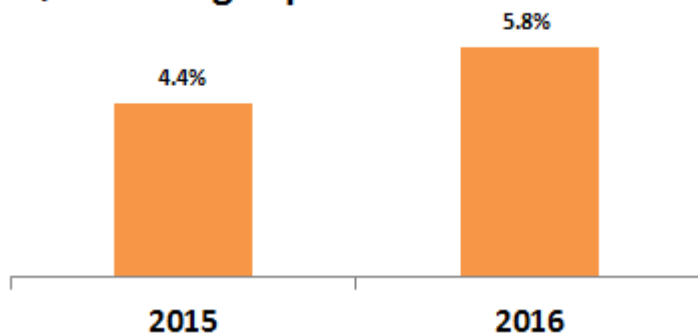
(\$millions)



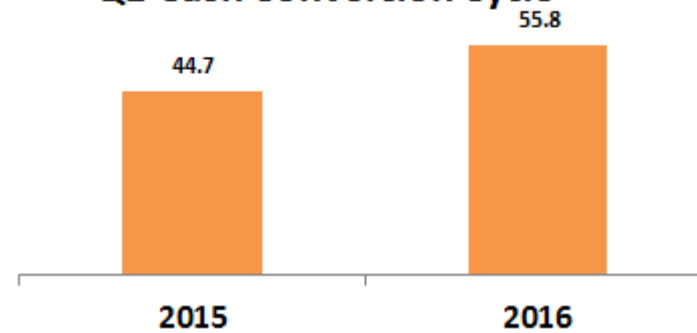
- First quarter use of cash consistent with historic seasonal cash flow trend
- Decrease in ACF primarily due to increased working capital partially offset by favorable CAPEX

Working Capital ² & Cash Conversion Cycle (CCC) ³

Q1 Working Capital² % of Revenue



Q1 Cash Conversion Cycle³



Affirming full year ACF of \$280 to \$300 million

¹ Net cash from continuing operating activities less capital expenditures

² Working capital defined as accounts receivable plus inventories less accounts payable and other accrued expenses (calculated using 4pt quarter end WC average). Working capital excludes \$58.4M of short-term loan receivables

³ CCC = DSO + Inventory Days - DPO (calculated using 4pt quarter average)

Full-Year 2016 EPS Guidance

YOY Total Revenue Growth	7% to 8%
YOY Organic Revenue Growth	4% to 5%
2016 Reported EPS from Continuing Operations	\$3.15 to \$3.35
Adjustments (restructuring and acquisition costs)	(\$0.05) to (\$0.10)
2016 Adjusted EPS from Continuing Operations	\$3.25 to \$3.40

Americas	Total	4% to 5%
	Organic	5% to 6%
EMEIA	Total	25% to 27%
	Organic	1% to 3%
Asia Pacific	Total	-18% to -16%
	Organic	5% to 7%

Assumptions and Notes:

- Full-year effective tax rate assumption of 18% to 19%
- Average diluted share count for the full year of approximately 97 million shares

Adj. EPS Growth +7.3% to +12.2%; ACF \$280 to \$300 Million

Summary

- Q1 organic revenue growth +3.6%
 - All regions delivering organic growth
 - Market growth as expected across geographic segments
- Increased Q1 2016 adjusted operating margins +40 bps
 - All regions delivering operating margin improvement
 - EMEIA transformation continues; Adjusted operating margin +380 bps
- Adjusted EPS grew 19.6%
- Repurchased 0.5 million shares in Q1
- Affirming full-year 2016 guidance
 - Total revenue growth 7% to 8%; Organic revenue growth 4% to 5%
 - Adjusted EPS \$3.25 to \$3.40, growth of 7.3% to 12.2%
 - ACF \$280 to \$300 million; Increase of 26% to 35%

Good Start to 2016; Positioned Well to Achieve Commitments



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