

Allegion Reports Second-Quarter 2018 Financial Results

- **Second-quarter 2018 net earnings per share (EPS) of \$1.19, compared with 2017 EPS of \$1.10; Adjusted 2018 EPS of \$1.25, up 12.6 percent compared with 2017 adjusted EPS of \$1.11**
- **Second-quarter 2018 revenue of \$704.7 million, up 12.4 percent compared to 2017, up 5.2 percent on an organic basis**
- **Second-quarter 2018 operating margin of 20.3 percent, compared with 2017 operating margin of 21.5 percent; Adjusted operating margin of 21.3 percent, declined 50 basis points compared with 2017 adjusted operating margin of 21.8 percent due to dilution from acquisitions**
- **Updating outlook for 2018 full-year revenue and full-year EPS; Full-year 2018 reported revenue growth of 12.5 to 13.5 percent and organic revenue growth of 4 to 5 percent; Full-year 2018 EPS outlook of \$4.15 to \$4.35 and \$4.35 to \$4.50 per share on an adjusted basis**

DUBLIN--(BUSINESS WIRE)-- [Allegion plc](#) (NYSE: ALLE), a leading global provider of security products and solutions, today reported second-quarter 2018 net revenues of \$704.7 million and net earnings of \$113.9 million, or \$1.19 per share. Excluding charges related to restructuring and acquisitions, adjusted net earnings were \$119.1 million, or \$1.25 per share, up 12.6 percent when compared with second-quarter 2017 adjusted EPS of \$1.11.

Second-quarter net revenues increased 12.4 percent, when compared to the prior year period (up 5.2 percent on an organic basis). Reported revenues reflect solid organic growth as well as benefits from acquisitions and foreign currency.

Second-quarter 2018 operating income was \$143.4 million, an increase of \$8.4 million or 6.2 percent compared to 2017. Adjusted operating income in second-quarter 2018 was \$150.1 million, representing an increase of \$13.2 million or 9.6 percent compared to 2017.

Second-quarter 2018 operating margin was 20.3 percent, compared with 21.5 percent in 2017. The adjusted operating margin in second-quarter 2018 was 21.3 percent, compared with 21.8 percent in 2017. The 50-basis-point decline in adjusted operating margin is attributable to the dilutive nature of the acquisitions.

"We are pleased to report another quarter of solid performance highlighted by growth in revenue, adjusted operating income and adjusted EPS," said David D. Petratis, Allegion chairman, president and CEO. "We delivered double-digit top-line revenue growth, and saw organic growth rebound nicely back into the mid-single digits. The solid organic growth for the company was driven by strong Americas performance. End-market fundamentals remain positive, and we continue to be led by high-teens electronics growth in the Americas.

"I am also pleased with the nearly 13-percent increase in adjusted EPS during a high inflationary environment, highlighting our focus to drive increased shareholder returns. Inflationary pressures continued to challenge operating margins in the quarter. Excluding the acquisitions, the base business margins were flat year over year, as the global team drove price, productivity and other cost savings to combat the significant inflation headwinds," Petratis added.

The Americas segment revenue increased 12.4 percent (up 6.6 percent on an organic basis). The revenue growth was driven by high-teens growth in electronics, solid volume in both the non-residential and residential businesses and favorable price. The recently acquired TGP and AD Systems businesses contributed 5.6 percent to the overall growth.

The EMEIA segment revenues were up 14.4 percent (up 1.4 percent on an organic basis), reflecting solid pricing, favorable foreign currency and contributions from the QMI acquisition. Second-quarter 2018 revenue for EMEIA had a tough comparable from the second quarter of last year, which drove the modest organic number.

The Asia-Pacific segment revenues increased 3.1 percent (up 0.7 percent on an organic basis). Favorable currency drove the revenue growth in the quarter.

Additional Items

Interest expense for second-quarter 2018 was \$13.4 million, down from the \$16.1 million for second-quarter 2017. The decrease is driven by the refinancing of the company's debt completed in 2017.

Other income net for second-quarter 2018 was \$1.6 million. This compares to other income net for second-quarter 2017 of \$4.3 million. Prior year included a gain related to the sale of an equity investment.

The company's effective tax rate for second-quarter 2018 was 13.4 percent, compared with 14.1 percent in 2017. The company's adjusted effective tax rate for second-quarter 2018 was 13.8 percent, compared with 14.4 percent in 2017. The decrease in the adjusted effective tax rate is primarily due to decreased tax rates related to U.S. tax reform.

Cash Flow and Liquidity

Year-to-date 2018 available cash flow was \$97.8 million, up \$55.2 million versus the prior year. The year-over-year improvement in available cash flow is primarily due to the non-recurring \$50 million discretionary pension funding payment in the prior year along with higher earnings, partially offset by payments related to acquisitions.

The company ended second-quarter 2018 with cash of \$189.6 million and total debt of \$1,461.1 million.

2018 Outlook

The company is updating the full-year 2018 revenue outlook to reflect total growth of 12.5 to 13.5 percent and confirming organic growth of 4 to 5 percent compared to 2017.

The company is updating full-year 2018 reported EPS to a range of \$4.15 to \$4.35, and adjusted EPS remains at \$4.35 to \$4.50 per share. Adjustments to 2018 EPS include estimated impacts for restructuring and acquisition activities. The outlook assumes investment spend at approximately \$0.15 per share, a full-year adjusted effective tax rate of approximately 15 to 16 percent, as well as an average diluted share count for the full year of approximately 96 million shares.

The company continues to target full-year available cash flow of approximately \$380 to \$400 million.

Conference Call Information

On Thursday, July 26, 2018, David D. Petratis, chairman, president and CEO, and Patrick Shannon, senior vice president and chief financial officer, will conduct a conference call for analysts and investors, beginning at 8 a.m. ET, to review the company's results.

A real-time, listen-only webcast of the conference call will be broadcast live online. Individuals wishing to listen may access the call through the company's website at <http://investor.allegion.com>.

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 \$2.4 billion company, with products sold in approximately 130 countries.

For more, visit www.allegion.com.

Adoption of New Accounting Standard

During the first quarter, the company adopted ASU 2017-07, "Compensation – Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost." ASU 2017-07 requires that an employer report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost are required to be presented in the statement of comprehensive income separately from the service cost component and outside of a subtotal of operating income. The company has applied ASU 2017-07 retrospectively for the presentation of the service cost component and the other components of net periodic pension cost and net periodic postretirement benefit cost and prospectively for the capitalization of the service cost component of net periodic pension cost and net periodic postretirement benefit in assets. As a result of adopting the new accounting standard, there is a minor restatement within the prior year P&L with no impact on revenue, net earnings or earnings per share. Schedule 6, accompanying this press release, summarizes the impact to prior periods.

Non-GAAP Measures

This news release also includes adjusted non-GAAP financial information which should be considered supplemental to, not a substitute for or superior to, the financial measure calculated in accordance with GAAP. Further information about the adjusted non-GAAP financial tables is attached to this news release.

Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding the company's 2018 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 current available information and its 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, 2017, Form 10-Qs for the quarter ended March 31, 2018, and June 30, 2018, and in its other SEC filings. The company assumes no obligations to update these forward-looking statements.

ALLEGION PLC**Condensed and Consolidated Income Statements**

(in millions, except per share data)

UNAUDITED

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net revenues	\$ 704.7	\$ 627.0	\$ 1,317.8	\$ 1,175.8
Cost of goods sold	399.1	345.7	754.4	653.3
Gross profit	305.6	281.3	563.4	522.5
Selling and administrative expenses	162.2	146.3	321.3	288.0
Operating income	143.4	135.0	242.1	234.5
Interest expense	13.4	16.1	26.3	32.0
Other income, net	(1.6)	(4.3)	(2.0)	(3.0)
Earnings before income taxes	131.6	123.2	217.8	205.5
Provision for income taxes	17.6	17.4	31.4	31.0
Net earnings	114.0	105.8	186.4	174.5
Less: Net earnings attributable to noncontrolling interests	0.1	0.3	0.3	0.6
Net earnings attributable to Allegion plc	\$ 113.9	\$ 105.5	\$ 186.1	\$ 173.9
Basic earnings per ordinary share				
attributable to Allegion plc shareholders:				
Net earnings	\$ 1.20	\$ 1.11	\$ 1.96	\$ 1.82
Diluted earnings per ordinary share				
attributable to Allegion plc shareholders:				
Net earnings	\$ 1.19	\$ 1.10	\$ 1.94	\$ 1.81
Shares outstanding - basic	95.0	95.2	95.1	95.3
Shares outstanding - diluted	95.6	95.9	95.7	96.0

ALLEGION PLC**Condensed and Consolidated Balance Sheets**

(in millions)

UNAUDITED

	June 30, 2018	December 31, 2017
ASSETS		
Cash and cash equivalents	\$ 189.6	\$ 466.2
Accounts and notes receivables, net	366.0	296.6
Inventory	265.4	239.8
Other current assets	31.5	30.1
Total current assets	852.5	1,032.7
Property, plant and equipment, net	272.5	252.2
Goodwill	857.0	761.2
Intangible assets, net	516.4	394.3

Other noncurrent assets	133.3	101.6
Total assets	\$ 2,631.7	\$ 2,542.0
LIABILITIES AND EQUITY		
Accounts payable	\$ 210.2	\$ 188.3
Accrued expenses and other current liabilities	227.7	237.5
Short-term borrowings and current maturities of long-term debt	35.2	35.0
Total current liabilities	473.1	460.8
Long-term debt	1,425.9	1,442.3
Other noncurrent liabilities	224.0	233.4
Equity	508.7	405.5
Total liabilities and equity	\$ 2,631.7	\$ 2,542.0

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Condensed and Consolidated Cash Flows

(in millions)

UNAUDITED

	Six Months Ended June 30,	
	2018	2017
Operating Activities		
Net earnings	\$ 186.4	\$ 174.5
Depreciation and amortization	45.5	32.7
Discretionary pension plan contribution	—	(50.0)
Changes in assets and liabilities and other non-cash items	(113.2)	(93.2)
Net cash provided by operating activities	118.7	64.0
Investing Activities		
Capital expenditures	(20.9)	(21.4)
Acquisition of and equity investments in businesses, net of cash acquired	(280.5)	(20.8)
Other investing activities, net	0.1	16.3
Net cash used in investing activities	(301.3)	(25.9)
Financing Activities		
Net debt repayments	(18.4)	(24.8)
Dividends paid to ordinary shareholders	(39.7)	(30.4)
Repurchase of ordinary shares	(30.0)	(60.0)
Other financing activities, net	(2.3)	4.7
Net cash used in financing activities	(90.4)	(110.5)
Effect of exchange rate changes on cash and cash equivalents	(3.6)	5.5
Net decrease in cash and cash equivalents	(276.6)	(66.9)
Cash and cash equivalents - beginning of period	466.2	312.4
Cash and cash equivalents - end of period	\$ 189.6	\$ 245.5

SUPPLEMENTAL SCHEDULES

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SCHEDULE 1

SELECTED OPERATING SEGMENT INFORMATION

(in millions)

	Three Months Ended		Six Months Ended	
	June 30, 2018	2017	June 30, 2018	2017
Net revenues				
Americas	\$ 526.8	\$ 468.6	\$ 965.8	\$ 876.2
EMEIA	147.8	129.2	298.1	247.6
Asia Pacific	30.1	29.2	53.9	52.0
Total net revenues	\$ 704.7	\$ 627.0	\$ 1,317.8	\$ 1,175.8
Operating income (loss)				
Americas	\$ 152.0	\$ 141.6	\$ 261.7	\$ 250.4
EMEIA	11.2	8.1	19.7	14.5
Asia Pacific	0.8	2.3	(0.7)	2.9
Corporate unallocated	(20.6)	(17.0)	(38.6)	(33.3)
Total operating income	\$ 143.4	\$ 135.0	\$ 242.1	\$ 234.5

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SCHEDULE 2

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 U.S. GAAP measures.

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

- Adjustments to operating income, operating margin, net earnings, EPS, and EBITDA include items such as goodwill impairment charges, restructuring charges, asset impairments, merger and acquisitions 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 provided by operating activities less capital expenditures.

These non-GAAP measures may not be defined and calculated the same as similar measures used by other companies.

RECONCILIATION OF GAAP TO NON-GAAP NET EARNINGS

(in millions, except per share data)

	Three Months Ended June 30, 2018			Three Months Ended June 30, 2017		
	Reported	Adjustments	Adjusted (non-GAAP)	Reported	Adjustments	Adjusted (non-GAAP)
Net revenues	\$ 704.7	\$ —	\$ 704.7	\$ 627.0	\$ —	\$ 627.0
Operating income	143.4	6.7	(1) 150.1	135.0	1.9	(1) 136.9
Operating margin	20.3 %		21.3 %	21.5 %		21.8 %
Earnings before income taxes	131.6	6.7	(2) 138.3	123.2	1.9	(2) 125.1
Provision for income taxes	17.6	1.5	(3) 19.1	17.4	0.6	(3) 18.0
Effective income tax rate	13.4 %		13.8 %	14.1 %		14.4 %
Net earnings	114.0	5.2	119.2	105.8	1.3	107.1
Non-controlling interest	0.1	—	0.1	0.3	—	0.3
Net earnings attributable to Allegion plc	\$ 113.9	\$ 5.2	\$ 119.1	\$ 105.5	\$ 1.3	\$ 106.8
Diluted earnings per ordinary share						
attributable to Allegion plc shareholders:	\$ 1.19	\$ 0.06	\$ 1.25	\$ 1.10	\$ 0.01	\$ 1.11

- Adjustments to operating income for the three months ended June 30, 2018 consist of \$6.7 million of restructuring charges, merger and acquisition expenses, and backlog amortization related to an acquisition. Adjustments to operating income for the three months ended June 30, 2017 consist of \$1.9 million of restructuring charges and merger and acquisition expenses.
- (1) Adjustments to earnings before income taxes for the three months ended June 30, 2018 and June 30, 2017 consist of the adjustments to operating income discussed above.
- (2) Adjustments to the provision for income taxes for the three months ended June 30, 2018 and June 30, 2017 consist of \$1.5 million and \$0.6 million, respectively, of tax expense related to the excluded items discussed above.

	Six Months Ended June 30, 2018			Six Months Ended June 30, 2017		
	Reported	Adjustments	Adjusted (non-GAAP)	Reported	Adjustments	Adjusted (non-GAAP)
Net revenues	\$ 1,317.8	\$ —	\$ 1,317.8	\$ 1,175.8	\$ —	\$ 1,175.8
Operating income	242.1	12.2	(1) 254.3	234.5	3.8	(1) 238.3
Operating margin	18.4 %		19.3 %	19.9 %		20.3 %
Earnings before income taxes	217.8	12.2	(2) 230.0	205.5	3.8	(2) 209.3
Provision for income taxes	31.4	2.6	(3) 34.0	31.0	1.2	(3) 32.2
Effective income tax rate	14.4 %		14.8 %	15.1 %		15.4 %
Net earnings	186.4	9.6	196.0	174.5	2.6	177.1
Non-controlling interest	0.3	—	0.3	0.6	—	0.6
Net earnings attributable to Allegion plc	\$ 186.1	\$ 9.6	\$ 195.7	\$ 173.9	\$ 2.6	\$ 176.5
Diluted earnings per ordinary share attributable to Allegion plc shareholders:	\$ 1.94	\$ 0.10	\$ 2.04	\$ 1.81	\$ 0.03	\$ 1.84

- Adjustments to operating income for the six months ended June 30, 2018 consist of \$12.2 million of restructuring charges, merger and acquisition expenses, and backlog amortization related to an acquisition. Adjustments to operating income for the six months ended June 30, 2017 consist of \$3.8 million of restructuring charges and merger and acquisition expenses.
- (1) Adjustments to earnings before income taxes for the six months ended June 30, 2018 and June 30, 2017 consist of the adjustments to operating income discussed above.
- (2) Adjustments to the provision for income taxes for the six months ended June 30, 2018 and June 30, 2017 consist of \$2.6 million and \$1.2 million, respectively, of tax expense related to the excluded items discussed above.

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SCHEDULE 3

RECONCILIATION OF GAAP TO NON-GAAP REVENUE AND OPERATING INCOME BY REGION

(in millions)

	Three Months Ended June 30, 2018			Three Months Ended June 30, 2017		
	As Reported		Margin	As Reported		Margin
Americas						
Net revenues (GAAP)	\$ 526.8			\$ 468.6		
Operating income (GAAP)	\$ 152.0		28.9 %	\$ 141.6		30.2 %
Restructuring charges	(0.1)	)	— %	0.2		0.1 %
Merger and acquisition costs	0.5		0.1 %	—		— %
Backlog amortization	3.4		0.6 %	—		— %
Adjusted operating income	155.8		29.6 %	141.8		30.3 %
Depreciation and amortization	9.2		1.7 %	6.7		1.4 %

Adjusted EBITDA	\$	165.0		31.3	%	\$	148.5		31.7	%
EMEIA										
Net revenues (GAAP)	\$	147.8				\$	129.2			
Operating income (GAAP)	\$	11.2		7.6	%	\$	8.1		6.3	%
Restructuring charges		0.8		0.5	%		0.9		0.7	%
Merger and acquisition costs		0.1		0.1	%		—		—	%
Adjusted operating income		12.1		8.2	%		9.0		7.0	%
Depreciation and amortization		7.8		5.3	%		6.6		5.1	%
Adjusted EBITDA	\$	19.9		13.5	%	\$	15.6		12.1	%
Asia Pacific										
Net revenues (GAAP)	\$	30.1				\$	29.2			
Operating income (GAAP)		0.8		2.7	%		2.3		7.9	%
Adjusted operating income		0.8		2.7	%		2.3		7.9	%
Depreciation and amortization		0.7		2.3	%		0.6		2.0	%
Adjusted EBITDA	\$	1.5		5.0	%	\$	2.9		9.9	%
Corporate										
Operating loss (GAAP)	\$	(20.6	)			\$	(17.0)		
Merger and acquisition costs		2.0					0.8			
Adjusted operating loss		(18.6	)				(16.2)		
Depreciation and amortization		1.0					1.0			
Adjusted EBITDA	\$	(17.6	)			\$	(15.2)		
Total										
Net revenues	\$	704.7				\$	627.0			
Adjusted operating income		150.1		21.3	%		136.9		21.8	%
Depreciation and amortization		18.7		2.7	%		14.9		2.4	%
Adjusted EBITDA	\$	168.8		24.0	%	\$	151.8		24.2	%

	Six Months Ended June 30, 2018				Six Months Ended June 30, 2017					
	As Reported		Margin	%	As Reported		Margin	%		
Americas										
Net revenues (GAAP)	\$	965.8			\$	876.2				
Operating income (GAAP)	\$	261.7		27.1	%	\$	250.4		28.6	%
Restructuring charges		(0.1	)	—	%		0.1		—	%
Merger and acquisition costs		1.4		0.1	%		0.2		—	%
Backlog amortization		6.3		0.6	%		—		—	%
Adjusted operating income		269.3		27.8	%		250.7		28.6	%
Depreciation and amortization		17.9		1.9	%		13.2		1.5	%
Adjusted EBITDA	\$	287.2		29.7	%	\$	263.9		30.1	%
EMEIA										
Net revenues (GAAP)	\$	298.1				\$	247.6			
Operating income (GAAP)	\$	19.7		6.6	%	\$	14.5		5.9	%
Restructuring charges		1.0		0.4	%		2.5		1.0	%
Merger and acquisition costs		0.4		0.1	%		—		—	%
Adjusted operating income		21.1		7.1	%		17.0		6.9	%
Depreciation and amortization		16.1		5.4	%		13.5		5.5	%
Adjusted EBITDA	\$	37.2		12.5	%	\$	30.5		12.4	%
Asia Pacific										
Net revenues (GAAP)	\$	53.9				\$	52.0			

Operating income (loss) (GAAP)	\$ (0.7	)	(1.3	)%	\$ 2.9	5.6	%
Restructuring charges	0.5		0.9	%	—	—	%
Adjusted operating income (loss)	(0.2	)	(0.4	)%	2.9	5.6	%
Depreciation and amortization	1.3		2.4	%	1.3	2.5	%
Adjusted EBITDA	\$ 1.1		2.0	%	\$ 4.2	8.1	%
Corporate							
Operating loss (GAAP)	\$ (38.6	)			\$ (33.3)	
Merger and acquisition costs	2.7				1.0		
Adjusted operating loss	(35.9	)			(32.3)	
Depreciation and amortization	2.1				2.0		
Adjusted EBITDA	\$ (33.8	)			\$ (30.3)	
Total							
Net revenues	\$ 1,317.8				\$ 1,175.8		
Adjusted operating income	254.3		19.3	%	238.3	20.3	%
Depreciation and amortization	37.4		2.8	%	30.0	2.6	%
Adjusted EBITDA	\$ 291.7		22.1	%	\$ 268.3	22.9	%

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SCHEDULE 4

RECONCILIATION OF CASH PROVIDED BY OPERATING ACTIVITIES TO AVAILABLE CASH FLOW AND NET EARNINGS TO ADJUSTED EBITDA

(in millions)

	Six Months Ended June 30,	
	2018	2017 (1)
Net cash used in operating activities	\$ 118.7	\$ 64.0
Capital expenditures	(20.9	) (21.4
Available cash flow	\$ 97.8	\$ 42.6

(1) includes a \$50.0 million discretionary pension plan contribution

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net earnings (GAAP)	\$ 114.0	\$ 105.8	\$ 186.4	\$ 174.5
Provision for income taxes	17.6	17.4	31.4	31.0
Interest expense	13.4	16.1	26.3	32.0
Backlog amortization	3.4	—	6.3	—
Depreciation and amortization	18.7	14.9	37.4	30.0
EBITDA	167.1	154.2	287.8	267.5
Other income, net	(1.6	) (4.3	) (2.0	) (3.0
Merger and acquisition costs and restructuring charges	3.3	1.9	5.9	3.8
Adjusted EBITDA	\$ 168.8	\$ 151.8	\$ 291.7	\$ 268.3

ALLEGION PLC

SCHEDULE 5

RECONCILIATION OF GAAP REVENUE GROWTH TO NON-GAAP ORGANIC REVENUE GROWTH BY REGION

	Three Months Ended				Six Months Ended			
	June 30, 2018		2017		June 30, 2018		2017	
Americas								
Revenue growth (GAAP)	12.4	%	7.4	%	10.2	%	9.6	%
Acquisitions and Divestitures	(5.6)	)%	(1.5)	)%	(5.2)	)%	(1.6))%
Currency translation effects	(0.2)	)%	0.2	%	(0.2))%	—	%
Organic growth (non-GAAP)	6.6	%	6.1	%	4.8	%	8.0	%
EMEA								
Revenue growth (GAAP)	14.4	%	6.3	%	20.4	%	3.1	%
Acquisitions and Divestitures	(5.7)	)%	(3.4)	)%	(5.7)	)%	(3.2))%
Currency translation effects	(7.3)	)%	3.4	%	(11.1)	)%	3.9	%
Organic growth (non-GAAP)	1.4	%	6.3	%	3.6	%	3.8	%
Asia Pacific								
Revenue growth (GAAP)	3.1	%	9.0	%	3.7	%	9.2	%
Acquisitions and Divestitures	—	%	(1.3)	)%	—	%	(1.5))%
Currency translation effects	(2.4)	)%	0.1	%	(3.2)	)%	(1.2))%
Organic growth (non-GAAP)	0.7	%	7.8	%	0.5	%	6.5	%
Total								
Revenue growth (GAAP)	12.4	%	7.2	%	12.1	%	8.1	%
Acquisitions and Divestitures	(5.4)	)%	(1.9)	)%	(5.1)	)%	(1.9))%
Currency translation effects	(1.8))%	0.9	%	(2.7))%	0.8	%
Organic growth (non-GAAP)	5.2	%	6.2	%	4.3	%	7.0	%

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SCHEDULE 6

RECONCILIATION OF 2017 PENSION RESTATEMENT BY QUARTER

Allegion plc

	Q1'17			Q2'17			Q3'17			Q4'17			FY2017		
	As		Restated	As		Restated	As		Restated	As		Restated	As		Restated
Reported	Adj	Reported		Adj	Reported		Adj	Reported		Adj	Reported		Adj	Reported		Adj	Reported	Adj	Restated
Sales	\$ 548.8	\$ —	\$ 548.8	\$ 627.0	\$ —	\$ 627.0	\$ 609.4	\$ —	\$ 609.4	\$ 623.0	\$ —	\$ 623.0	\$ 2,408.2	\$ —	\$ 2,408.2
Operating income (GAAP)	98.8	0.7	99.5	134.1	0.9	135.0	126.1	\$ 1.0	127.1	129.2	1.8	\$ 131.0	488.2	4.4	492.6
% of Sales	18.0	%	18.1	% 21.4	%	21.5	% 20.7	%	20.9	% 20.7	%	21.0	% 20.3	%	20.5
Other income (expense), net	(0.6)	(0.7)	(1.3)	5.2	(0.9)	4.3	3.7	(1.0)	2.7	5.0	(1.8)	3.2	13.2	(4.4)	8.8
Earnings before tax (GAAP)	\$ 82.3	\$ —	\$ 82.3	\$ 123.2	\$ —	\$ 123.2	\$ 112.0	\$ —	\$ 112.0	\$ 78.2	\$ —	\$ 78.2	\$ 395.7	\$ —	\$ 395.7

Americas'

	Q1'17			Q2'17			Q3'17			Q4'17			FY2017		
	As		Restated	As		Restated	As		Restated	As		Restated	As		Restated
Reported	Adj	Reported		Adj	Reported		Adj	Reported		Adj	Reported		Adj	Reported		Adj	Reported	Adj	Restated
Sales	\$ 407.6	\$ —	\$ 407.6	\$ 468.6	\$ —	\$ 468.6	\$ 455.2	\$ —	\$ 455.2	\$ 436.1	\$ —	\$ 436.1	\$ 1,767.5	\$ —	\$ 1,767.5

Operating income (GAAP)	107.6	1.2	108.8	140.3	1.3	141.6	131.8	1.4	133.2	123.6	1.2	124.8	503.3	5.1	508.4					
% of Sales	26.4	%	26.7	%	29.9	%	30.2	%	29.0	%	29.3	%	28.3	%	28.6	%	28.5	%	28.8	%

EMEIA

	Q1'17			Q2'17			Q3'17			Q4'17			FY2017							
	As Reported	Adj	Restated	As Reported	Adj	Restated	As Reported	Adj	Restated	As Reported	Adj	Restated	As Reported	Adj	Restated					
Sales	\$ 118.4	\$ —	\$ 118.4	\$ 129.2	\$ —	\$ 129.2	\$ 125.1	\$ —	\$ 125.1	\$ 150.8	\$ —	\$ 150.8	\$ 523.5	\$ —	\$ 523.5					
Operating income (GAAP)	6.9	(0.5)	6.4	8.5	(0.4)	8.1	9.1	(0.5)	8.6	20.7	0.3	21.0	45.2	(1.1)	44.1					
% of Sales	5.8	%	5.4	%	6.6	%	6.3	%	7.3	%	6.9	%	13.7	%	13.9	%	8.6	%	8.4	%

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