

2017 Allegion Overview Pioneering Safety

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PIONEERING SAFETY™

Redefining
security.



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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-Q for the quarter ended Mar. 31, 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 (Continued)

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, 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



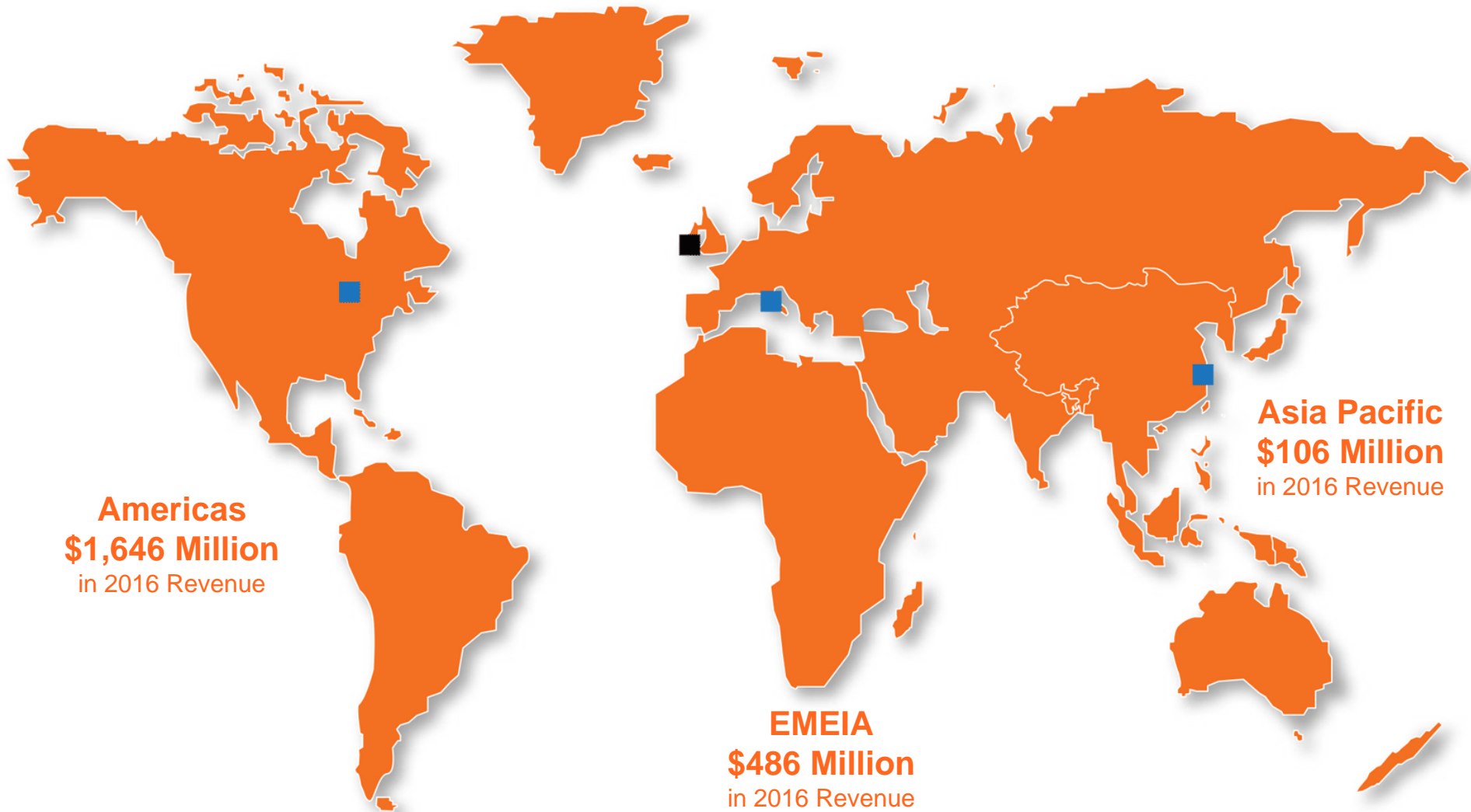
Industry-leading safety record

Global Reach

\$2,238 Million in 2016 Revenue | 9,500+ Employees | 10,000+ Channel Partners

■ Corporate Headquarters: Dublin, Irl.

■ Regional Offices: Carmel, Ind. | Faenza, Itl. | Shanghai, Chn.



Allegion Portfolio Transformation

2014



- + Schlage Lock de Colombia
- + Eco Schulte
- + FSH®
- UK Doors & Services Businesses

2015



- + Zero International®
- + Brio®
- + Milre®
- + SimonsVoss®
- + AXA®
- Bocom Wincent
- Venezuelan Business

2016



- + Trelock®

2017



- + Republic

- + Acquisition/Investment
- Divestiture

Growing Our Business with a Stronger Portfolio & Geographic Reach

Key Strategies



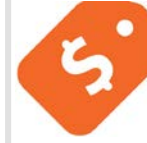
Expand in Core Markets

- 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

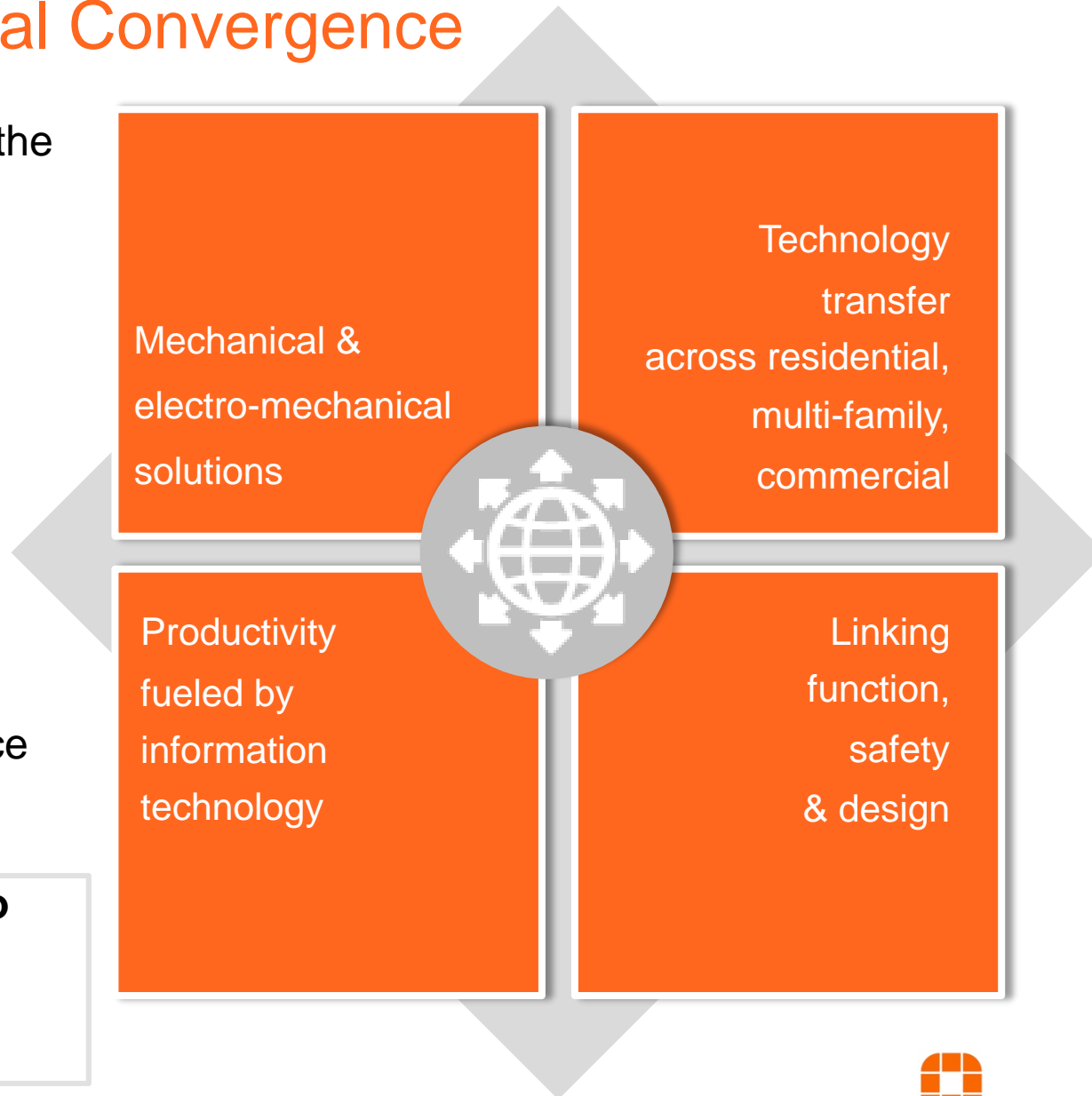
- Asia Pacific
- Investing in localized products and supply-chain capabilities

Electro-Mechanical Convergence

The Security Industry is at the cusp of major changes and convergences:

- Bringing new levels of integration and convenience
- Adaptive environments
- Enhanced design
- End-user productivity
- Higher average sale price per unit

Allegion Continues to Lead the Industry in Electro-Mechanical Convergence



What is the Opportunity for Electronic Security?

Residential:

Single Family Homes

100+ million homes
200+ million doors
~4-6% penetration

Growth Drivers:

- Mega-tech / Smart home
- Millennial homeowner
- Improved familiarity
- Lower price options
- Ease of install and user experience



Non-Residential:

Perimeter Focused

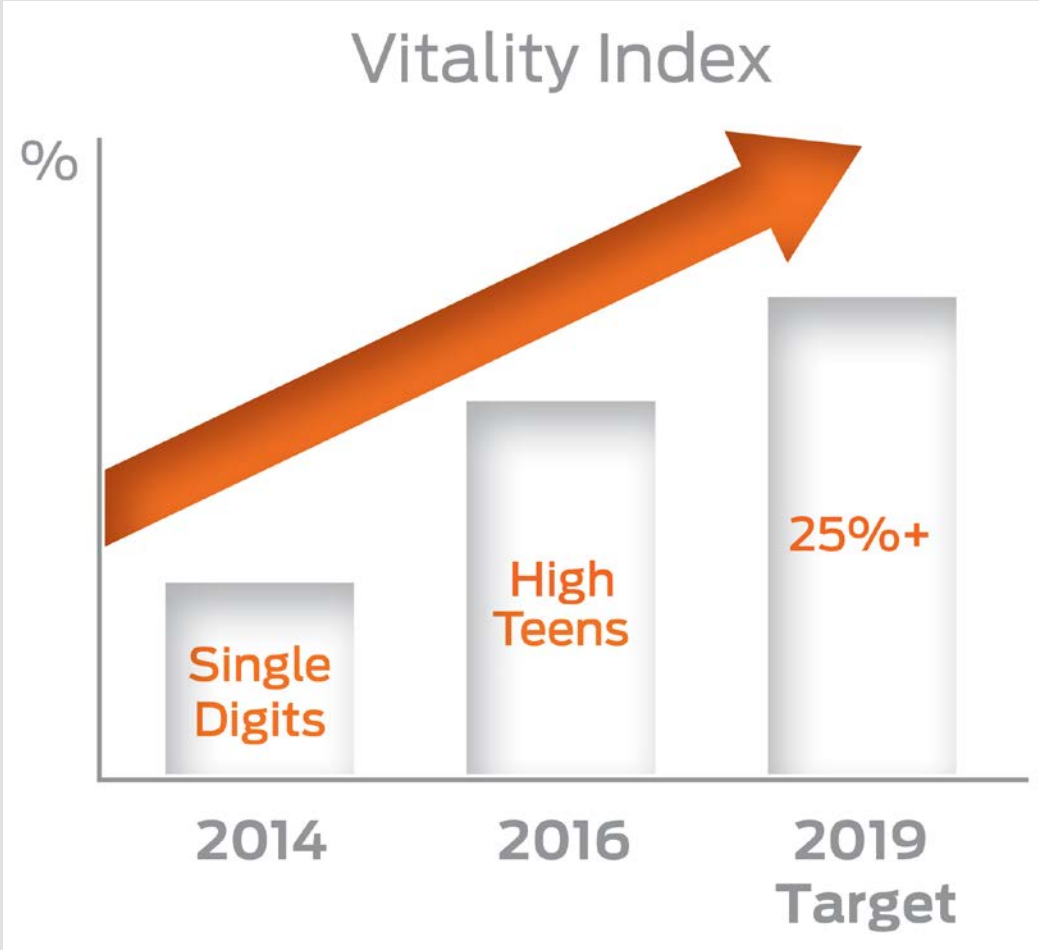
~6-12% penetration

Growth Drivers:

- Complete and mature options
- Improved productivity benefits
- Lower total cost of ownership
- Competitive advantage
- A more millennial workforce

And This Is Just the U.S. Market...

Vitality: Allegion's Innovation



Allegion's Investments in Product Innovation Drive Vitality¹

¹Vitality Index is revenue from product innovations in the last three years as a percentage of total revenue



Financial Priorities to Drive Shareholder Value

Accelerate
Organic
Growth

Improve
Operating
Margins

High
Cash Flow
Conversion

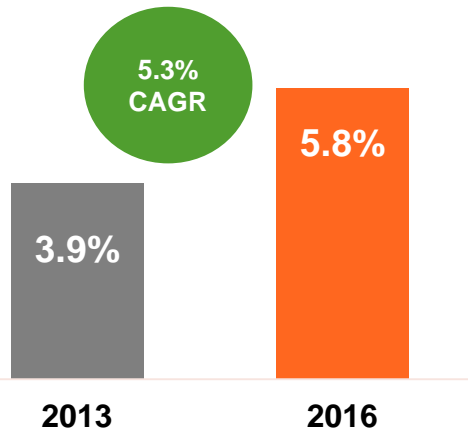
Balanced
Capital
Allocation



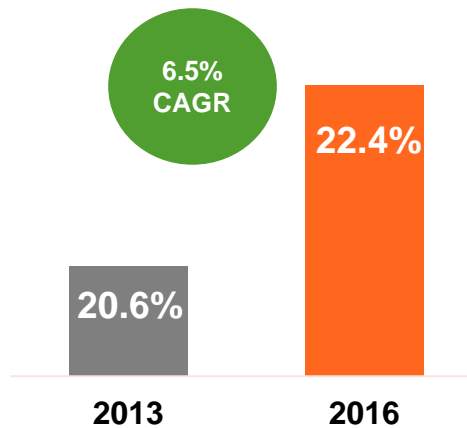
Total Shareholder Return

Operating Performance

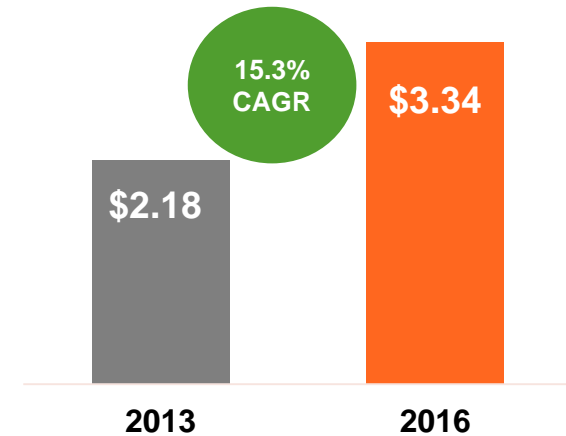
Organic Revenue Growth



Adjusted EBITDA Margin¹



Adjusted EPS¹



- Industry-leading organic growth
- Industry-leading EBITDA margins; Consistent and expanding over time
- High level of cash flow conversion

Capital Allocation Strategy

Leverage Management

- Target 2.75-3.25x of gross Debt / Adj. EBITDA
- March 31, 2017: 2.8x of gross Debt / Adj. EBITDA¹

Organic Growth Investment

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

M&A

- Product / market expansion
- Emerging technologies
- Disciplined approach to acquisition management

Shareholder Distribution

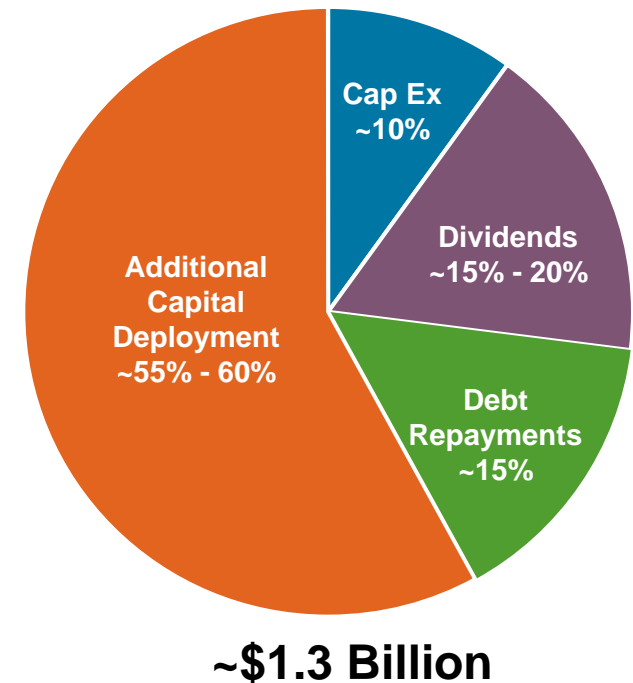
- Q1 2017: Quarterly dividend increased 33% to \$0.16 per ordinary share
- Q1 2017: \$500 million share repurchase authorization announced

Balanced & Flexible Capital Allocation Remains a Priority

Disciplined Capital Allocation Usage

- Capital Expenditures
 - Support growth and sustain business
- Debt Repayments
 - Based on terms of credit facility
- Dividends
 - Subject to board approval
- Additional Capital Deployment
 - Acquisitions
 - Share repurchases

% of Operating Cash Flow 2017 - 2019



Significant Capital Available for Strategic Deployment

Organic Growth



New Product Development

- Engineering / R&D
- Product Launches



Channel Management

- Feet on the Street
- Demand Creation



Drive Above-Market Growth
Increase Vitality Index
Investment Self Funding; High ROIC

Standardized Process, Prioritization & Post-Implementation Review

M&A Platforms / Thresholds

Platforms

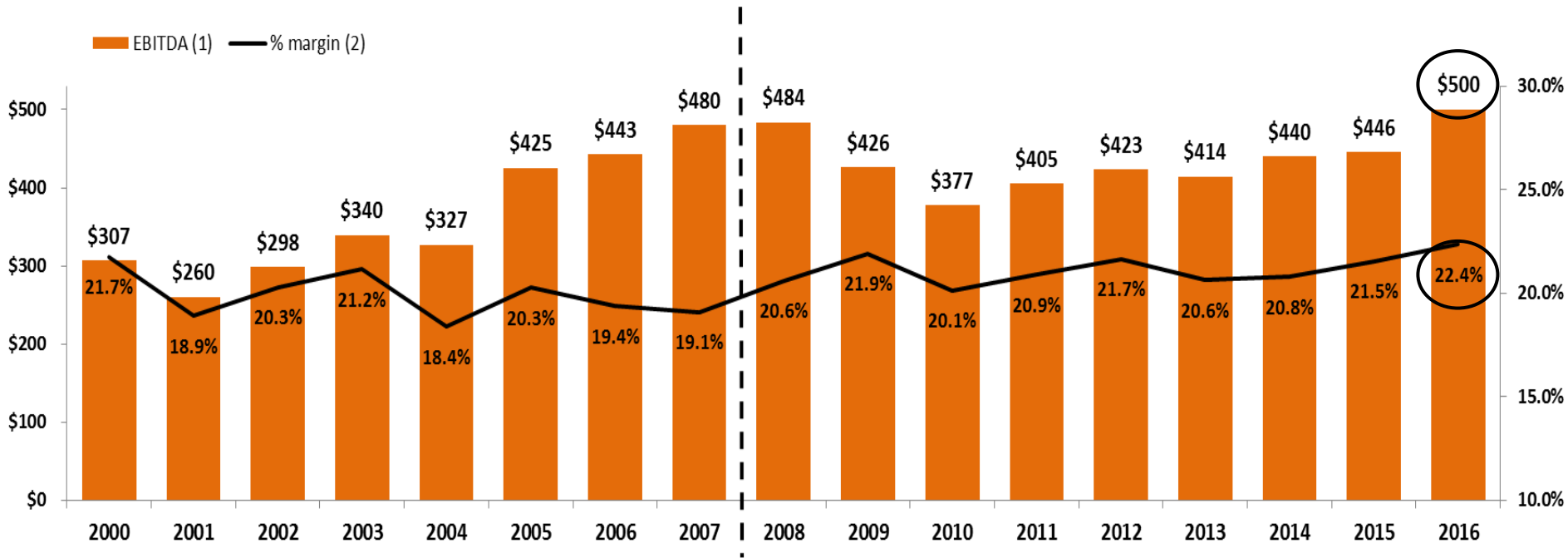


Key Acquisition Criteria

- Aligned with strategic direction and core competencies
 - Strong business and market fundamentals
 - Leadership position and ability to scale
 - Clear synergy opportunities
- Financial
 - Return on invested capital >12% by year three; Minimum to exceed WACC
 - EPS accretion by year 2

Focused & Disciplined Approach; ~\$600 Million in Acquisitions Since Spin

Historical Adjusted EBITDA Margins



Consistent EBITDA Margin Performance; Record Performance in 2016

(1) EBITDA defined as operating income plus depreciation and amortization.

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

2000 - 2007 represents the Security & Safety or Security Technologies segment as reported in Ingersoll Rand's 10K.

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

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

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

Financial Targets

Three-Year Financial Targets 2017-2019*

**Organic Revenue
Growth¹**

4 - 6% CAGR

- Improving market fundamentals
- Incremental investments accelerating organic revenue growth above market

EBITDA Margin

**Greater than
+200 bps**

- Leverage on incremental volume
- Net of investments

EPS Growth

~10% CAGR

- Revenue / margin improvement
- Before capital deployment

**Available
Cash Flow
Conversion²**

~100%

- Low working capital requirements
- Capital expenditures less than depreciation and amortization

*Financial targets above exclude capital deployment of ~\$700 million after capital expenditures, debt repayments and dividends



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Appendix

Consolidated Operating Income & EBITDA Reconciliation

	2008	2009	2010	2011	2012	2013	2014	2015	2016
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	\$ 2,238.0
Asia Joint Venture Revenue	(65.3)	(64.5)	(68.9)	(58.6)	(78.0)	(52.0)	0.0	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	2,238.0
Net Income	(76.4)	175.6	194.1	218.9	220.1	32.3	175.2	153.9	229.1
<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	63.8
Interest expense (income), net	(1.1)	1.2	1.8	1.4	1.5	10.2	53.8	52.9	64.3
Other (income) / expense	(0.7)	14.9	(3.5)	(4.6)	3.1	7.2	4.6	96.4	66.3
Noncontrolling interest	0.4	12.4	6.7	6.3	5.7	12.5	(2.6)	0.4	2.1
Discontinued operations	(0.6)	1.3	1.1	6.3	4.2	3.6	11.1	0.4	0.0
Operating Income	66.4	349.6	327.1	359.1	371.3	240.8	326.3	358.6	425.5
<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>	<i>19.0%</i>
Restructuring and Other Costs	13.1	25.2	3.0	0.3	8.2	5.8	7.1	16.1	10.8
Spin Costs	0.0	0.0	0.0	0.0	0.0	5.8	29.3	0.0	0.0
M&A Costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	17.8	2.6
Goodwill Impairment	356.8	5.0	0.0	0.0	0.0	137.6	0.0	0.0	0.0
Gain on Property Sale	0.0	0.0	0.0	0.0	0.0	(21.5)	0.0	0.0	0.0
Venezuela Inventory Impairment	0.0	0.0	0.0	0.0	0.0	0.0	33.3	4.2	0.0
Adjusted Operating Income	436.3	379.8	330.1	359.4	379.5	368.5	396.0	396.7	439.0
<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>	<i>19.6%</i>
Depreciation & amortization	47.5	46.0	47.3	46.0	43.8	45.7	44.2	48.8	61.4
Adjusted EBITDA	\$ 483.8	\$ 425.8	\$ 377.4	\$ 405.4	\$ 423.3	\$ 414.2	\$ 440.2	\$ 445.5	\$ 500.4
<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>	<i>22.4%</i>

Reported EPS to Adjusted EPS

	Year ended December 31, 2013			Year ended December 31, 2016		
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
Net revenues	\$ 2,069.6	\$ (52.0)	\$ 2,017.6	\$ 2,238.0	\$ -	\$ 2,238.0
Operating income	240.8	127.7	368.5	425.5	13.5	439.0
Operating margin	11.6%		18.3%	19.0%		19.6%
Earnings before income taxes	223.4	127.7	351.1	295.0	97.9	392.9
Provision for income taxes	175.0	(40.1)	134.9	63.8	3.1	66.9
Effective income tax rate	78.3%	(31.4%)	38.4%	21.6%	3.2%	17.0%
Earnings from continuing operations	48.4	167.8	216.2	231.2	94.8	326.0
Non-controlling interest	12.5	(5.3)	7.2	2.1	-	2.1
Net earnings from continuing operations attributable to Allegion plc	<u>\$ 35.9</u>	<u>\$ 173.1</u>	<u>\$ 209.0</u>	<u>\$ 229.1</u>	<u>\$ 94.8</u>	<u>\$ 323.9</u>
Diluted earnings per ordinary share attributable to Allegion plc shareholders:	<u>\$ 0.37</u>	<u>\$ 1.81</u>	<u>\$ 2.18</u>	<u>\$ 2.36</u>	<u>\$ 0.98</u>	<u>\$ 3.34</u>



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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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