



**ALLEGION™**

PIONEERING SAFETY

# First-Quarter 2021

## Financial Results

April 22, 2021



# Forward-Looking Statements

This presentation contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934, including statements regarding the potential impacts of the global COVID-19 pandemic, the Company's 2021 financial performance, the Company's business plans and strategy, 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 generally are identified by the words "believe," "project," "expect," "anticipate," "estimate," "forecast," "outlook," "intend," "strategy," "future," "opportunity," "plan," "may," "should," "will," "would," "will be," "will continue," "will likely result," or the negative thereof or variations thereon or similar expressions generally intended to identify forward-looking statements. Forward-looking statements may relate to such matters as projections of revenue, margins, expenses, tax provisions, earnings, cash flows, benefit obligations, dividends, share purchases, or other financial items; any statements of the plans, strategies, and objectives of management for future operations, including those relating to any statements concerning expected development, performance, or market share relating to our products and services; any statements regarding future economic conditions or our performance; any statements regarding pending investigations, claims or disputes; any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. These 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, 2020, Form 10-Q for the quarter ended March 31, 2021, and in its other SEC filings. The Company undertakes no obligation to update these forward-looking statements.

# Reconciliation of Non-GAAP Measures

The Company presents operating income, operating margin, net earnings and diluted earnings per share (EPS) on both a U.S. GAAP basis and on an adjusted (non-GAAP) basis, revenue growth on a U.S. GAAP basis and organic revenue growth on a non-GAAP basis, and adjusted EBITDA and adjusted EBITDA margin (both non-GAAP measures). The Company presents these non-GAAP 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.

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, indefinite-lived trade name, and other asset impairment charges, restructuring charges, acquisition and integration 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](http://www.allegion.com).

# First-Quarter 2021 Financial Summary

## Revenue<sup>1</sup> \$Millions

**+2.9%**



- Organic revenue growth of 0.5%
- Strength in Americas residential and Allegion International businesses, offsetting Americas non-residential decline
- FX tailwinds

## Adjusted OI Margin<sup>1</sup>

**+30 bps**



- Price, productivity and FX contributing to YOY margin improvement
- Realizing benefits of restructuring and cost control actions
- Overcoming mix headwind

## Adjusted EPS<sup>1</sup>

**+15.4%**



- Adjusted operating income up 4.5%
- Other income and share count also contributed to double-digit EPS growth

## YTD ACF<sup>1</sup> \$Millions

**+455.3%**



- Improvements in net working capital
- Higher adjusted net earnings
- Lower capital expenditures




# Allegion Innovation Engines

## A build-borrow-buy approach accelerates seamless access

Allegion continues to invest in all three of our innovation engines. From industrial design, engineering and IT, to ventures, partnerships and acquisitions, a build-borrow-buy approach accelerates our vision of seamless access and a safer world.

Recent examples include:

- Overtur™ expansion
- ISONAS Pure Access Cloud 4.0
- SimonsVoss SmartLocker
- Yonomi acquisition
- Schlage + Walmart + Homebase
- Allegion + CBORD: Apple Wallet, Google Pay



**Build**

**Industrial design, engineering & IT**


Creating solutions and leading innovation in the core business

UI/UX, style and design capability

Global platforming

Incubator/accelerator for rapid results

Experiment and proof-of-concept engine




**Borrow**

**Ventures & partnerships**

Investment and relationships with promising ideas and enterprises


Seeding for the future



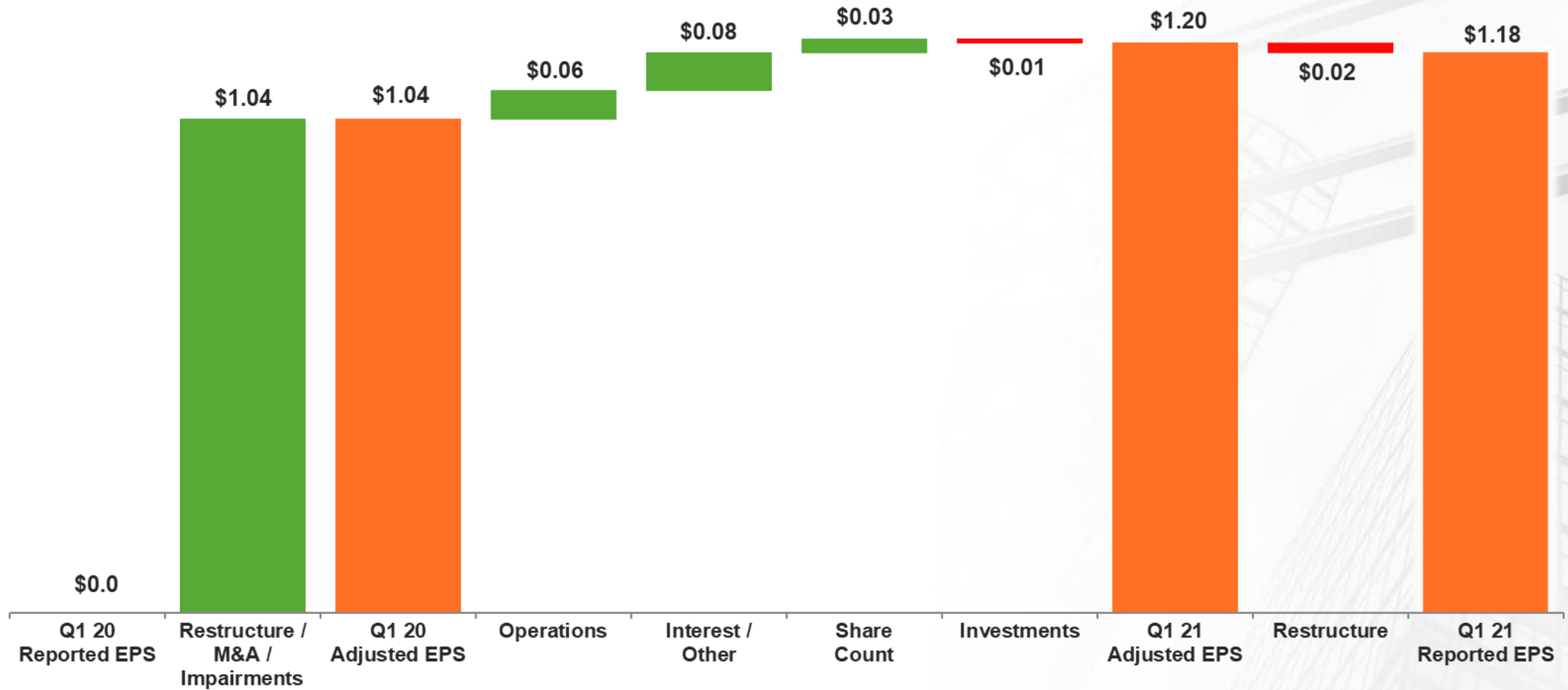

**Buy**

**Acquisitions**

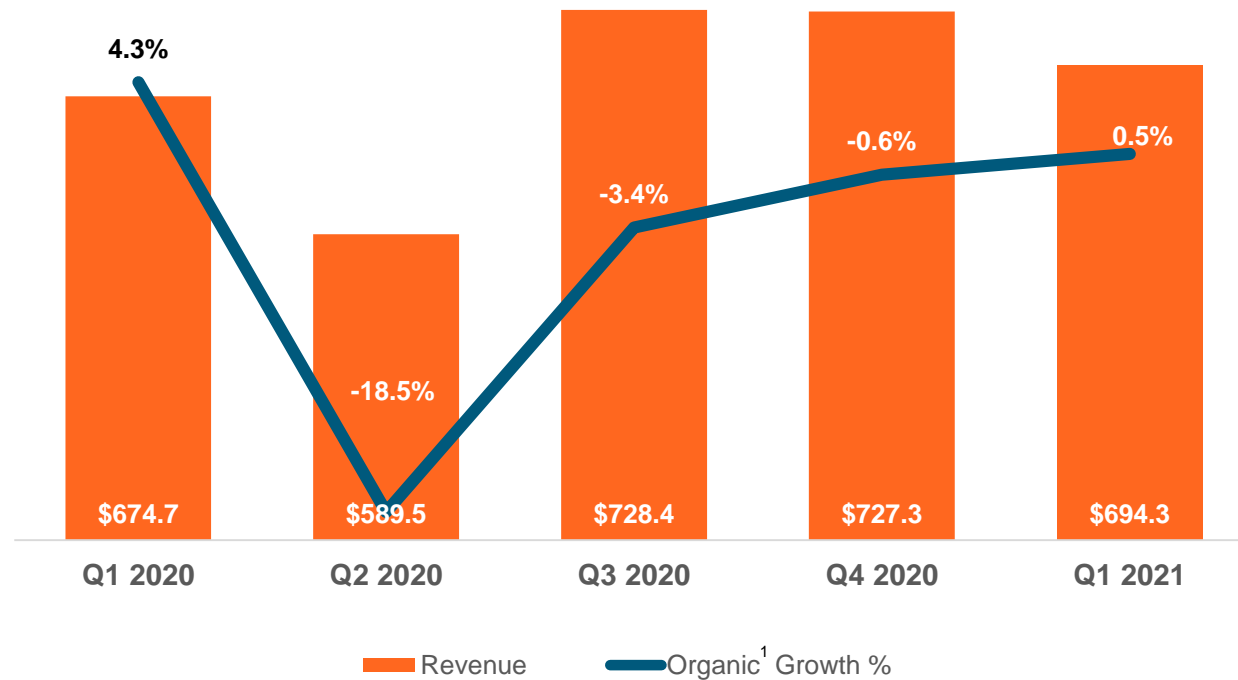
Expand the strategic footprint and capabilities of the core business



# First-Quarter 2021 Allegion EPS Performance



# First-Quarter 2021 Revenue Results

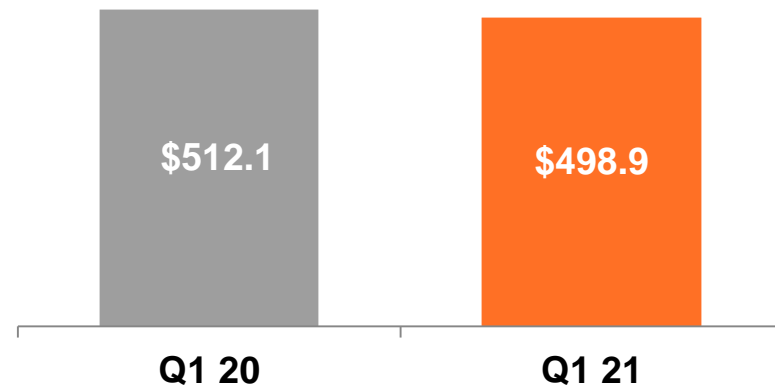


	<u>Q1'21</u> <u>Reported</u> <u>Growth</u>	<u>Q1'21</u> <u>Organic<sup>1</sup></u> <u>Growth</u>
Allegion Americas	-2.6%	-2.9%
Allegion International	20.2%	11.0%
<b>Total</b>	<b>2.9%</b>	<b>0.5%</b>

<b>Q1 2021</b>					
<u>Price</u>	<u>Volume</u>	<u>Organic<sup>1</sup></u>	<u>Divestitures</u>	<u>Currency</u>	<u>Total</u>
0.7%	-0.2%	<b>+0.5%</b>	-0.4%	2.8%	<b>+2.9%</b>

# First-Quarter 2021 Allegion Americas Results

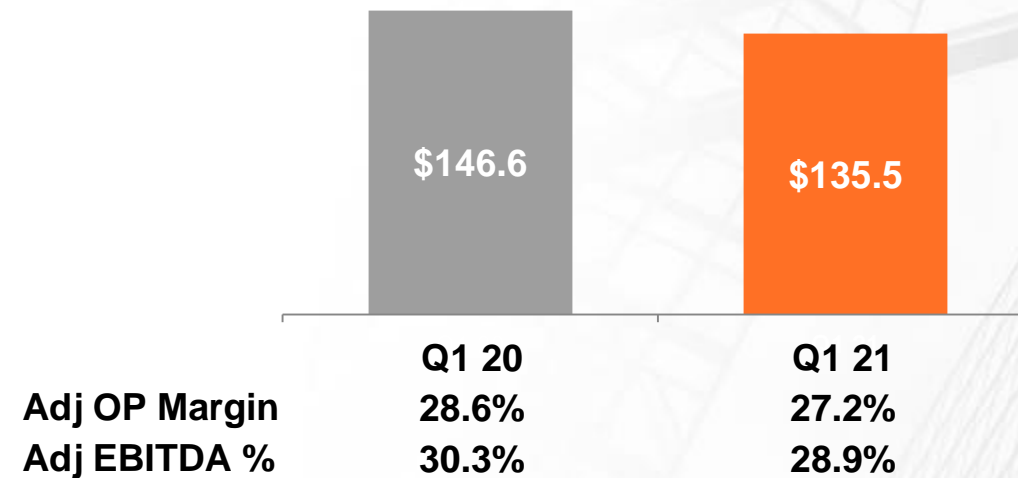
## Revenue<sup>1</sup> \$Millions -2.6%



### Q1 Revenue Performance

- Organic revenue decline of 2.9%
- Good price realization
- Non-residential business down low-double digits percent; Residential business up low-twenties percent
- YOY electronics down mid-single digits percent driven by delays in non-residential discretionary projects partially offset by growth in residential

## Adjusted Operating Income<sup>1</sup> \$Millions -7.6%



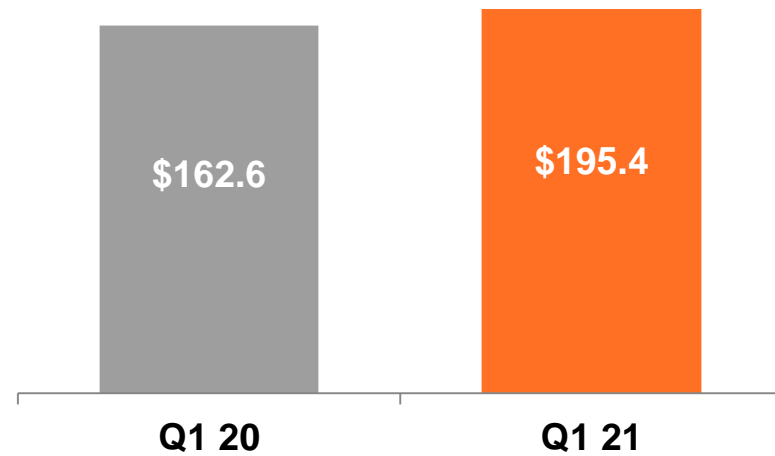
### Q1 Adjusted Operating Margin -140 bps

- Negative mix and volume deleverage contributing to YOY margin decline
- Positive price, productivity, inflation dynamic
- Incremental investments were a 20-bps headwind



# First-Quarter 2021 Allegion International Results

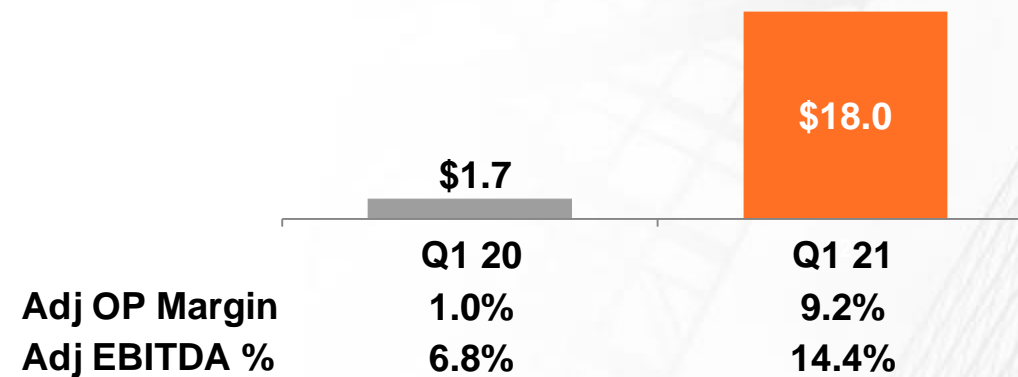
## Revenue<sup>1</sup> \$Millions +20.2%



### Q1 Revenue Performance

- Organic revenue growth of 11.0%
- Organic growth driven by strength across all major geographies and businesses; includes impact of COVID-related shutdowns last year
- Currency tailwinds

## Adjusted Operating Income<sup>1</sup> \$Millions +958.8%



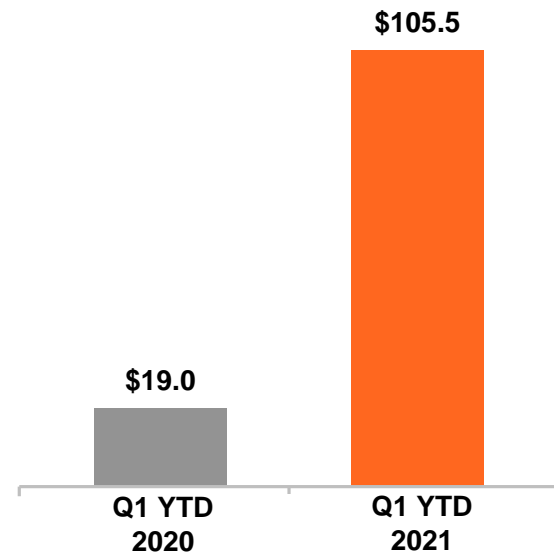
### Q1 Adjusted Operating Margin +820 bps

- Solid volume leverage
- Realizing benefits of restructuring and cost control actions
- Favorable currency impacts

# Year-to-Date 2021 Allegion ACF

## Strong cash generation

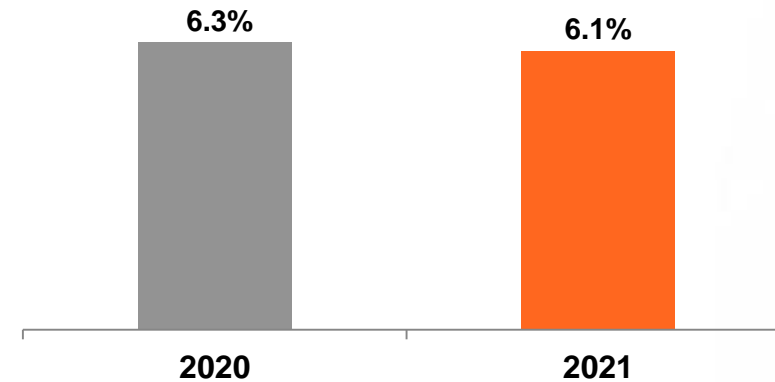
### Available Cash Flow<sup>1</sup> \$Millions



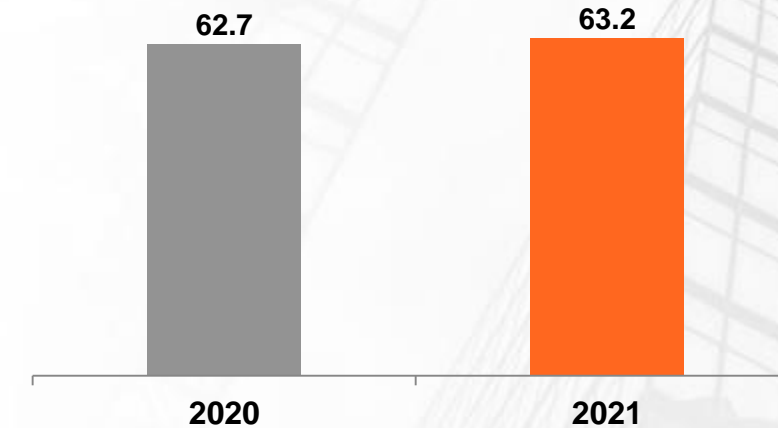
- Increase in ACF driven by improvements in net working capital, higher earnings and lower capital expenditures

### Working Capital<sup>2</sup> & Cash Conversion Cycle (CCC)<sup>3</sup> \$Millions

#### Working Capital % of Revenue



#### Cash Conversion Cycle



<sup>1</sup> Net cash from operating activities less capital expenditures

<sup>2</sup> Working capital defined as accounts receivable plus inventories less accounts payable and other accrued expenses (calculated using 4pt quarter end WC average)

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

See press release for non-GAAP reconciliations



# Full-Year 2021 Outlook

<u>Revenue</u>		<u>FY Outlook</u>	<u>Prior FY Outlook</u>	<u>EPS</u>	<u>FY Outlook</u>	<u>Prior FY Outlook</u>
<b>Total</b>	<b>Americas</b>	Flat to +1%	-4% to -3%	<b>2021 Reported EPS</b>	<b>\$4.85 to \$5.05</b>	<b>\$4.55 to \$4.75</b>
<b>Organic</b>	<b>Americas</b>	Flat to +1%	-4% to -3%	Adjustments <sup>1</sup>	\$0.10 to \$0.15	\$0.10 to \$0.15
<b>Total</b>	<b>International</b>	+12% to +13%	+6% to +7%	<b>2021 Adjusted EPS</b>	<b>\$5.00 to \$5.15</b>	<b>\$4.70 to \$4.85</b>
<b>Organic</b>	<b>International</b>	+7.5% to +8.5%	+2% to +3%			
<b>Total</b>	<b>Allegion</b>	+3% to +4%	-1.5% to -0.5%			
<b>Organic</b>	<b>Allegion</b>	+2% to +3%	-2.5% to -1.5%			

## Assumptions and Notes:

- Investment assumption of approximately \$0.10 to \$0.15 per share
- Full-year adjusted effective tax rate assumption of approximately 12.5%
- Average diluted share count for the full year of approximately 91 million shares
- Full-year available cash flow estimated to be \$430-\$450 million

# First-Quarter 2021 Summary



**Strong start to 2021;  
Raising outlook**

- Q1 revenue growth of 2.9%; Organic revenue<sup>1</sup> growth of 0.5%
- Q1 adjusted operating margin<sup>1</sup> of 19.3%; Up 30 bps vs prior year
- Adjusted Q1 EPS<sup>1</sup> of \$1.20 or +15.4% growth vs prior year
- Raising full-year revenue outlook
  - Total revenue growth of 3% to 4%
  - Organic revenue growth of 2% to 3%
- Raising full-year EPS outlook
  - Reported EPS of \$4.85 to \$5.05
  - Adjusted EPS<sup>1</sup> of \$5.00 to \$5.15
- Raising available cash flow<sup>1</sup> outlook to \$430-\$450 million





**ALLEGION**

PIONEERING SAFETY

## About Allegion™

Allegion (NYSE: ALLE) is a global pioneer in seamless access, with leading brands like CISA®, Interflex®, LCN®, Schlage®, SimonsVoss® and Von Duprin®. Focusing on security around the door and adjacent areas, Allegion secures people and assets with a range of solutions for homes, businesses, schools and institutions. Allegion had \$2.7 billion in revenue in 2020 and its security products are sold around the world.

For more, visit [www.allegion.com](http://www.allegion.com).

© 2021 Allegion plc. All rights reserved. AD SYSTEMS, API, AUSTRAL LOCK, AXA, BRICARD, BRIO, BRITON, CISA, DEXTER, FALCON, FSH, GAINSBOROUGH, GLYNN-JOHNSON, INTERFLEX, ISONAS, IVES, KRYPTONITE, LCN, LOCKNETICS, MILRE, NORMBAU, REPUBLIC, SCHLAGE, SIMONSSVOSS, STEELCRAFT, TGP, TRELOCK, VON DUPRIN, and ZERO are the property of Allegion plc. or its respective subsidiaries. All other brand names, product names or trademarks are the property of their respective owners.