



# Q1-2025 Earnings Call

April 24, 2025



# Cautionary Statements

## Forward-Looking Statements

This presentation contains "forward-looking statements," which are statements that are not historical facts, including, but not limited to, statements related to FY-2025 Outlook, FY-2025 EPS Outlook Details and statements regarding market trends, electronics growth, global software solutions business, the company's financial performance in 2024 and future years, the company's business plans and strategy, the company's growth strategy, the company's capital allocation strategy, competition, the company's ability to successfully complete and integrate acquisitions and achieve anticipated strategic and financial benefits, and the performance of the markets in which the company operates. These forward-looking statements generally are identified by the words "believe," "aim," "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.

Undue reliance should not be placed on any forward-looking statements, as 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. Important factors and other risks that may affect the company's business or that could cause actual results to differ materially are included in filings the company makes with the Securities and Exchange Commission from time to time, including its Annual Report on Form 10-K and its Quarterly Reports on Form 10-Q and in its other SEC filings. All forward-looking statements in this presentation are expressly qualified by such cautionary statements and by reference to the underlying assumptions. The company undertakes no obligation to update these forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

## Non-GAAP Measures

This presentation also includes 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. The definitions of our non-GAAP financial information are included as an appendix in our presentation. These non-GAAP measures may not be defined and calculated the same as similar measures used by other companies. Reconciliations of the non-GAAP measures used to their most directly comparable GAAP measure are presented as supplemental schedules in the earnings release that can be found at [www.allegion.com](http://www.allegion.com).

# Solid Execution, Staying Agile

**MSD revenue growth**

**Strong margin expansion and operating leverage**

**Affirming FY-2025 Adj. EPS outlook of \$7.65-\$7.85**



# Capital Allocation

## Invest for Organic Growth

Schlage **Arrive**™  
SMART WIFI DEADBOLT



Schlage **Sense Pro**™  
SMART DEADBOLT



matter

THREAD

UWB Ultra-Wideband

## Acquisitions



LEMAAR



## Dividend

~\$44M

\$0.51 per ordinary share  
of the company

## Share Repurchases

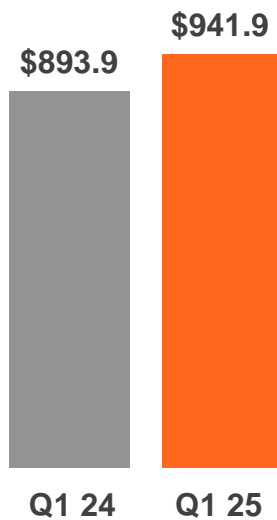
\$40M

In Q1 2025

# Q1-2025 Financial Summary

## Revenue \$Millions

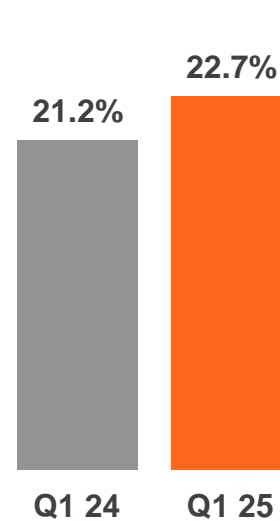
**+5.4%**



- Organic growth of 4.0%, led by Non-Residential Americas
- Acquisitions of 2.2%; Currency headwind of 0.8%

## Adjusted OI Margin

**+150 bps**



- Price, productivity, inflation, investment headwind of \$0.4M
- Transactional FX tailwind of ~\$3M, primarily due to the Mexican Peso
- Volume leverage, mix and acquisitions accretive to margin rates

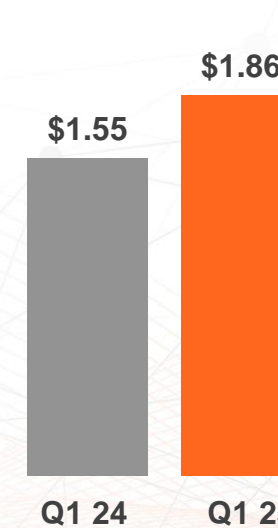
## Adjusted EBITDA Margin

**+140 bps**



## Adjusted EPS

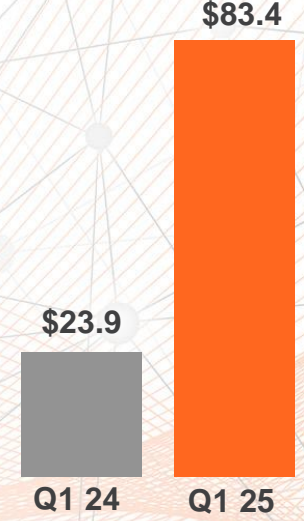
**+20.0%**



- Operating income delivered \$0.22 of adjusted EPS growth, inclusive of \$0.04 of acquisitions
- \$0.08 tailwind from tax
- \$0.01 net contribution from interest / other and share repurchase

## ACF YTD \$Millions

**+249%**

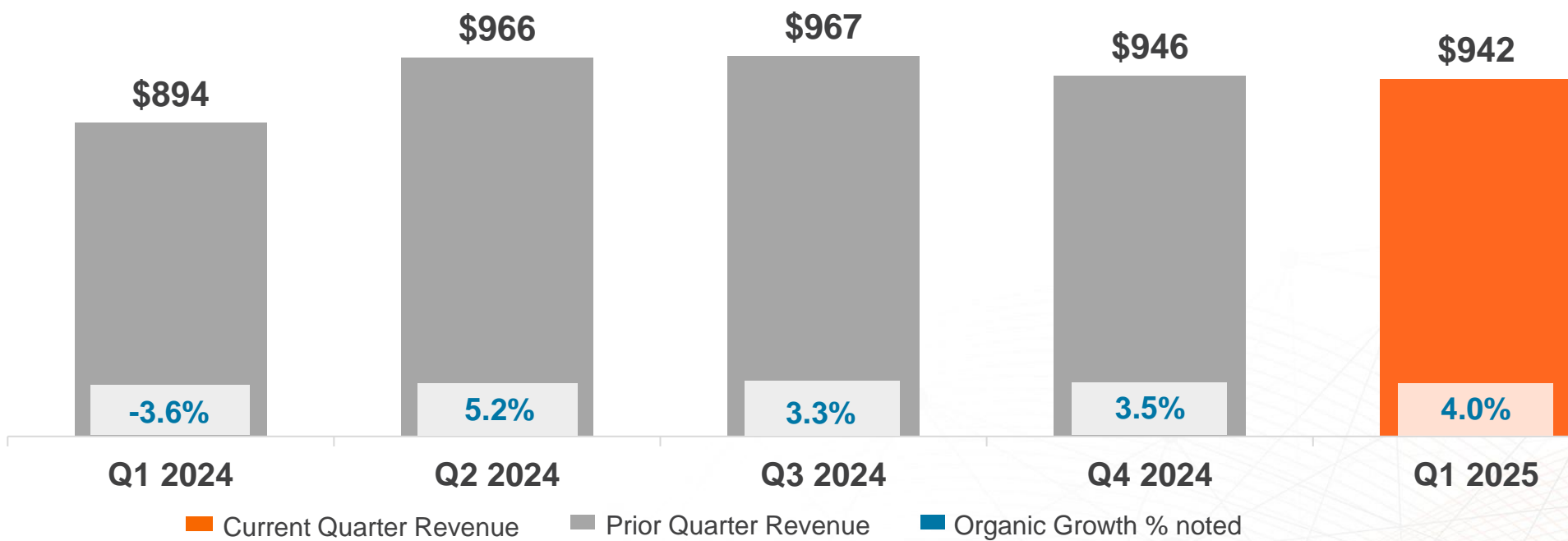


- Higher earnings, improved working capital management and lower capital expenditures contribute to higher ACF



# Q1-2025 Revenue Results

\$Millions

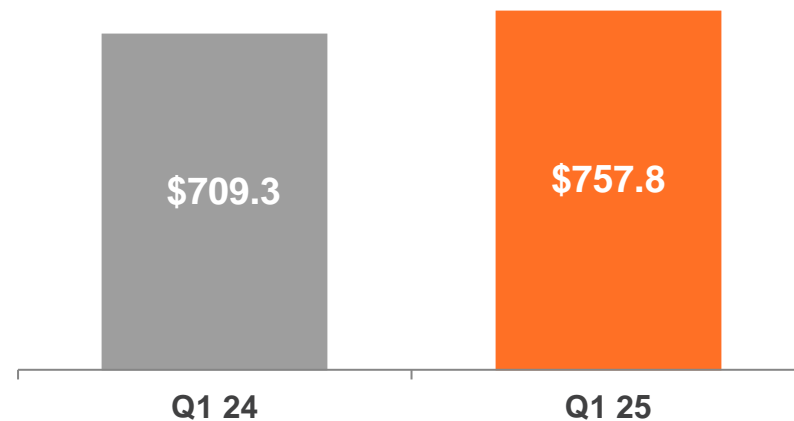


	Price	Volume	Organic	Acq/Div	Currency	Total
Q1	1.1%	2.9%	+4.0%	2.2%	-0.8%	+5.4%

	Reported	Organic
Americas Q1	6.8%	4.9%
International Q1	-0.3%	0.9%

# Q1-2025 Allegion Americas Results

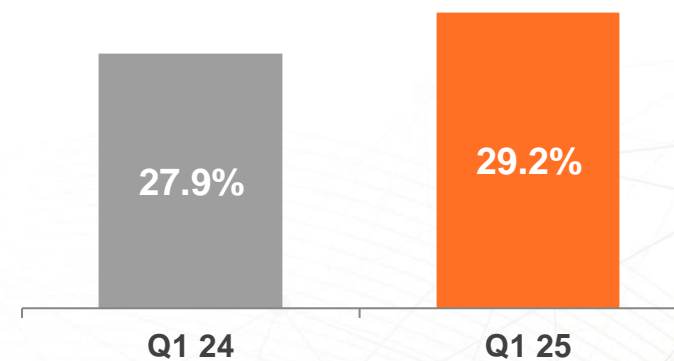
## Revenue \$Millions +6.8%



### Q1 Revenue Performance

- Organic revenue growth of 4.9%
  - Non-Residential increase high-single digits
  - Residential decline mid-single digits
- Q1 electronics low-double digits growth
- Price realization of 1.1%; Volume growth of 3.8%; Acquisitions of 2.3%; Currency headwind of 0.4%

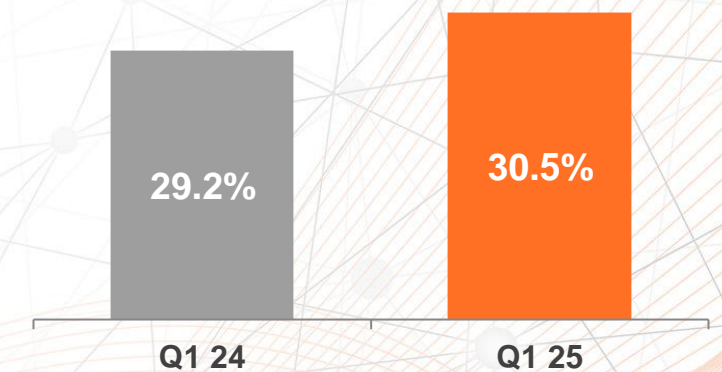
## Adjusted OI% +130 bps



### Q1 Adjusted Margin Performance

- Price, productivity, inflation, investment headwind of \$0.9M
- Transactional FX tailwind of ~\$3M, primarily due to the Mexican Peso
- Volume leverage and mix accretive to margin rates

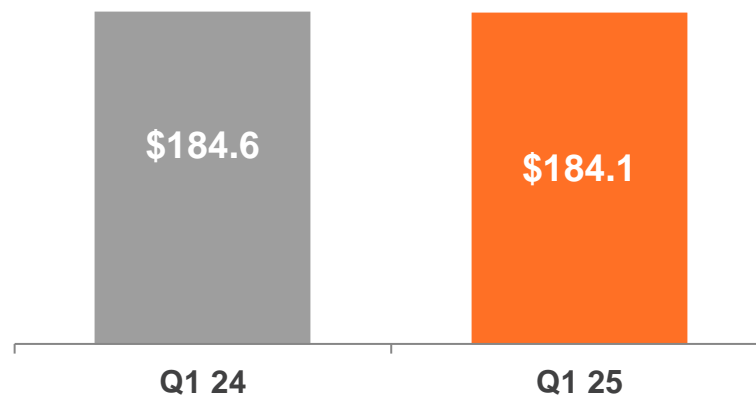
## Adjusted EBITDA% +130 bps





# Q1-2025 Allegion International Results

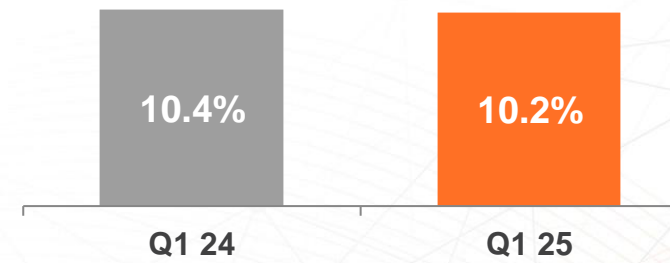
## Revenue \$Millions -0.3%



### Q1 Revenue Performance

- Organic revenue growth of 0.9%
- Price realization of 1.0%; Volume decline 0.1%; Acquisitions tailwind of 1.8%; Currency headwind of 3.0%

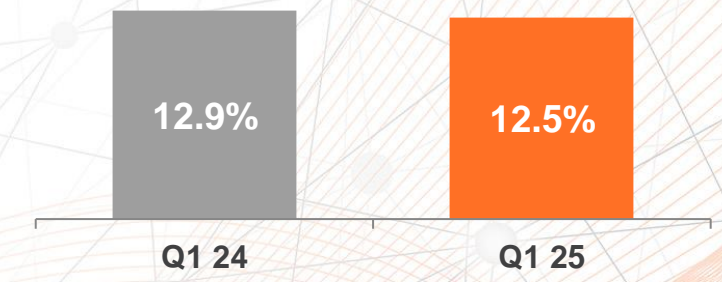
## Adjusted OI% -20 bps



### Q1 Adjusted Margin Performance

- Price, productivity, inflation, investment headwind of \$0.6M
- Mix and acquisitions accretive to margin rates

## Adjusted EBITDA% -40 bps

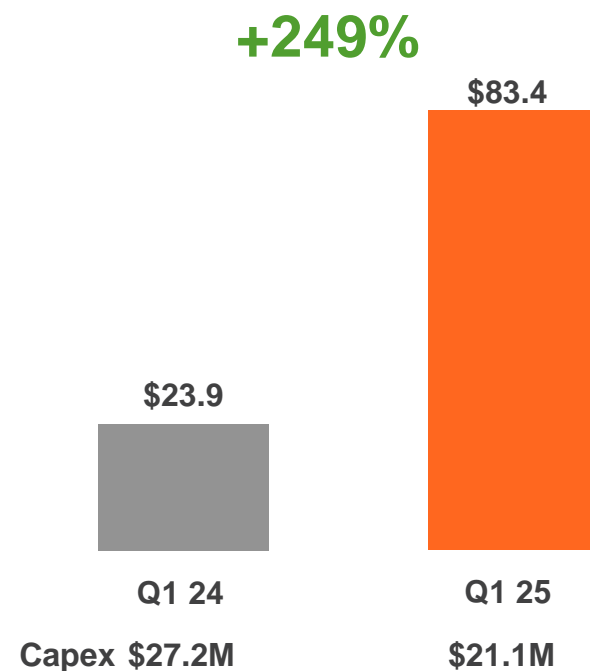




# Balance Sheet & Cash Flow

## Available Cash Flow

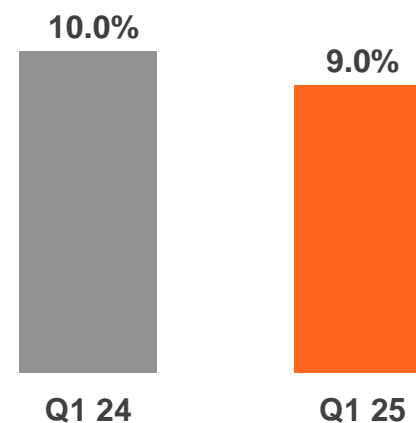
\$Millions



- Higher earnings, improved working capital management and lower capital expenditures contribute to higher ACF
- FY-2025 guidance remains 85%-90% of Adj. Net Income

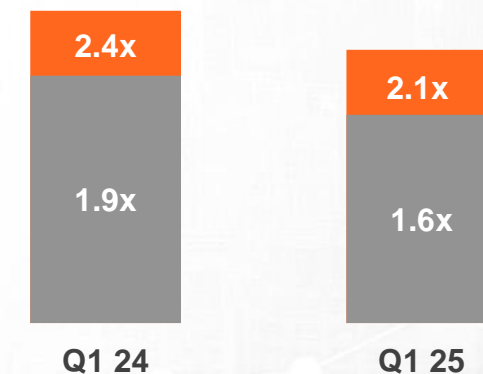
## Working Capital

% of Revenue



- Working capital improvement primarily driven by higher inventory turns

## Leverage



- Healthy balance sheet supports continued capital deployment



# Key Outlook Dynamics

## Markets

### U.S. Non-Residential

- Late-cycle resiliency
- Specifications grew in 2024 and Q1 2025
- Broad end market exposure

### U.S. Residential

- Tariff and interest rate dynamics delaying recovery

### International

- Flattish market demand
- FX rates impact reported revenue

## Allegion Sourcing into U.S.

**EPS outlook includes enacted tariffs estimated at ~\$80M for FY-2025**

### Mexico

- ~20-25% enterprise COGS
- Vast majority USMCA compliant

### China

- ~<5% enterprise COGS

### All Other Countries of Import

- ~5-10% enterprise COGS



# Agile & Resilient

**Solid execution**

**Accelerating capital deployment**

**Affirming FY-2025 Adj. EPS outlook of \$7.65-\$7.85**





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PIONEERING SAFETY™

# Q&A





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# Appendix



# Q1-2025 Allegion EPS Performance



# Reconciliation of Non-GAAP Measures

The company presents operating income, operating margin, earnings before income tax, effective tax rate, net debt, 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, EBITDA, adjusted EBITDA and adjusted EBITDA margin (all non-GAAP measures), working capital as a percentage of revenue (a non-GAAP measure) and Available Cash Flow (“ACF,” a non-GAAP measure), including in certain cases, on a segment basis. The company presents these non-GAAP measures because management believes they provide management and investors useful perspective of the company’s underlying business results and 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, earnings before income taxes, effective tax rate, 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, amortization expense related to acquired intangible assets, debt financing costs, gains or losses related to the divestiture of businesses or equity method investments and non-operating investment gains or losses.
- Organic revenue growth is defined as U.S. GAAP revenue growth excluding the impact of acquisitions, divestitures and currency effects.
- Available cash flow is defined as U.S. GAAP net cash from operating activities less capital expenditures.
- Net Debt is defined as total long-term and short-term debt less cash and cash equivalents.
- Working capital defined as accounts receivable plus inventories less accounts payable and other accrued expenses; Working capital % of revenue calculated by dividing the period ending working capital balance by annualized quarterly revenue for the period.

These non-GAAP measures may not be defined and calculated the same as similar measures used by other companies. Reconciliations of the non-GAAP measures used to their most directly comparable GAAP measure are presented as supplemental schedules in the earnings release that can be found at [www.allegion.com](http://www.allegion.com).





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## About Allegion™

At Allegion (NYSE: ALLE), we design and manufacture innovative security and access solutions that help keep people safe where they live, learn, work and connect. We're pioneering safety with our strong legacy of leading brands like CISA®, Interflex®, LCN®, Schlage®, SimonsVoss® and Von Duprin®. Our comprehensive portfolio of hardware, software and electronic solutions is sold around the world and spans residential and commercial locks, door closer and exit devices, steel doors and frames, access control and workforce productivity systems. Allegion had \$3.8 billion in revenue in 2024. For more, visit [www.allegion.com](http://www.allegion.com).

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