



ALLEGION™

PIONEERING SAFETY™

Q4-2023 Earnings Call

February 20, 2024

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 the Key Drivers for 2024, Full-Year 2024 Outlook, 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.

Solid Q4 Execution & Record FY Results

Double-digit revenue growth; Adj. EPS growth of 16.2% (FY)

Electronics / software organic growth of ~20% (FY)

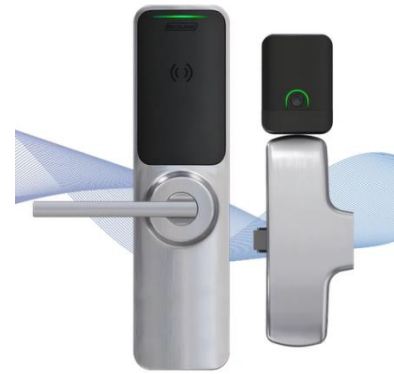
Strong margin expansion & cash flow

Focused on seamless access & balanced capital allocation

Capital Allocation Strategy in Action

Strategic investments driving seamless access

Invest for
Organic Growth



Schlage XE360™ Series

Dividend

7%

2024 increase

10th

Consecutive annual increase

Mergers &
Acquisitions



Closed February 2024

Share Repurchases

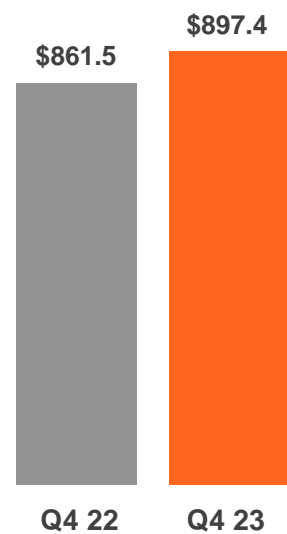
\$40M

In Q4 2023

Q4-2023 Financial Summary

Revenue¹ \$Millions

+4.2%



- Organic revenue increase of 2.6%
- Growth in non-residential Americas partially offset by declines in residential and Allegion International businesses

Adjusted OI Margin¹

+130 bps



- Price and productivity exceeded inflation and investment by \$33.7M
- Strong operational execution driving margin improvement globally

Adjusted EBITDA Margin¹

+120 bps



- Operations delivered \$0.17 of EPS growth
- Tax rate headwind of \$0.20 due to timing of discrete items vs 2022

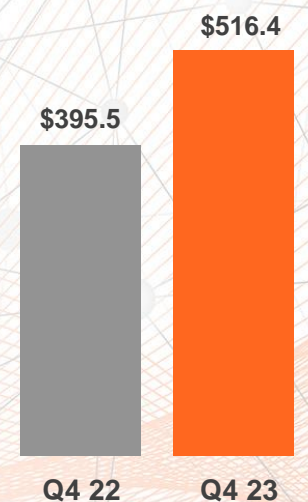
Adjusted EPS¹

-0.6%



ACF¹ YTD

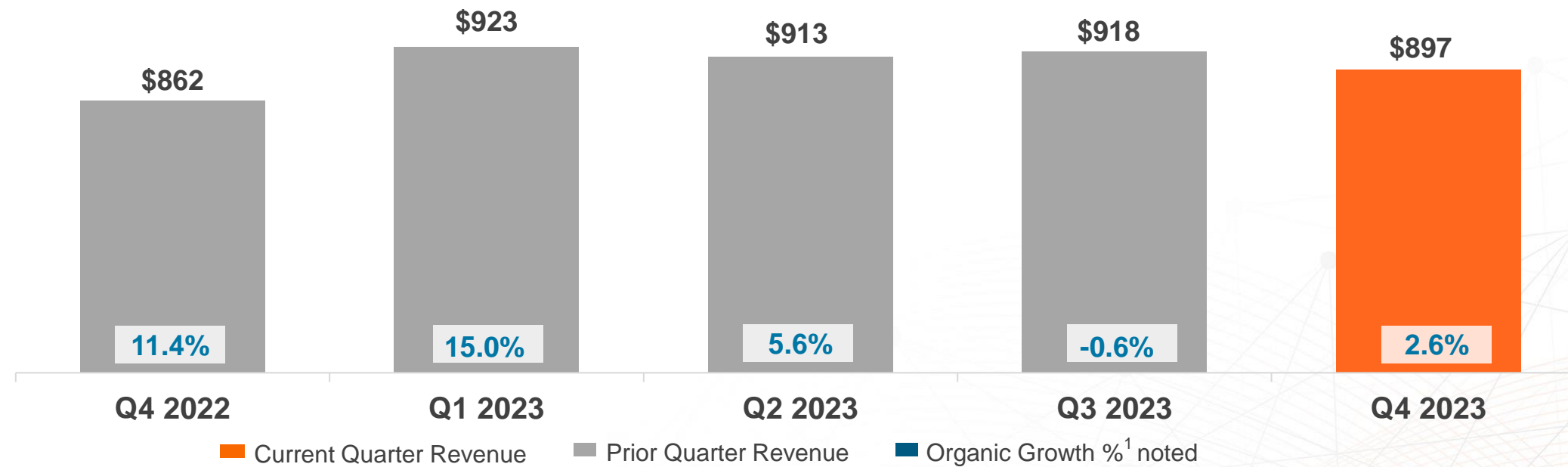
+30.6%



- Higher earnings and higher cash provided by working capital partially offset by increased capital expenditures

Q4-2023 Revenue Results

\$Millions

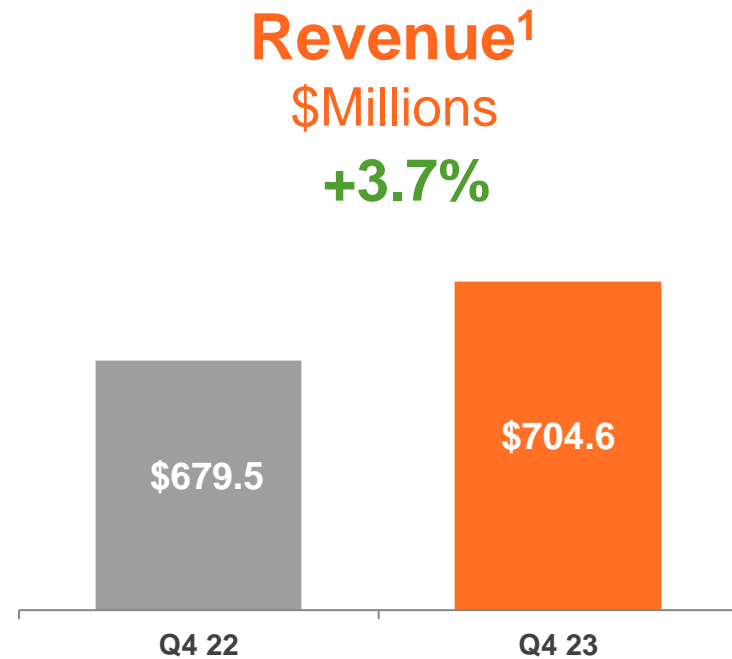


	Price	Volume	Organic ¹	Acq/Div	Currency	Total
Q4	4.8%	-2.2%	+2.6%	0.6%	1.0%	+4.2%
Q4 YTD	7.5%	-2.3%	+5.2%	6.2%	0.2%	+11.6%

Revenue Growth		
	Reported	Organic ¹
Americas		
Q4	3.7%	3.7%
Q4 YTD	15.1%	7.4%
International		
Q4	5.9%	-1.3%
Q4 YTD	-0.5%	-2.5%

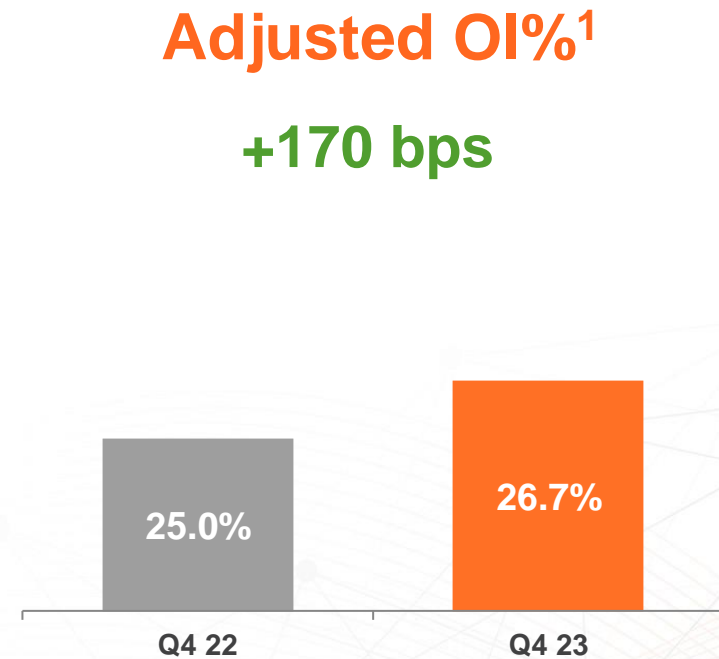
¹ Organic excludes acquisitions/divestitures and currency impacts

Q4-2023 Allegion Americas Results



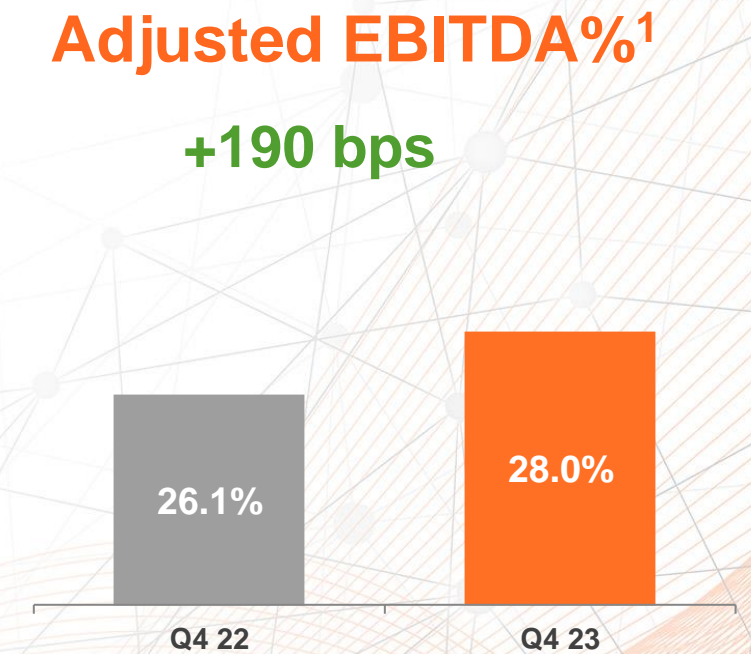
Q4 Revenue Performance

- Organic revenue growth of 3.7% on a challenging PY comparable of 18.3%¹
- Non-residential and Access Technologies up mid-single digits; Residential down low-single digits
- Q4 electronics growth of mid-single digits vs ~50% in PY
- FY electronics growth of low 20's% vs ~20% in PY
- Price realization of 5.0%; Volume decline of 1.3%



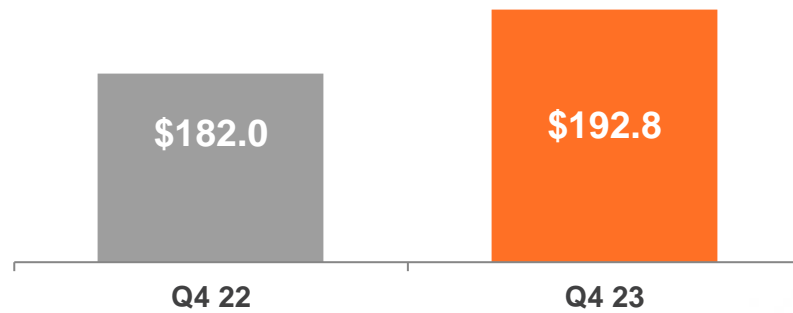
Q4 Adjusted Margin Performance

- Price and productivity exceeded inflation and investments by \$31.5M
- Strong operational execution offsetting slight volume declines



Q4-2023 Allegion International Results

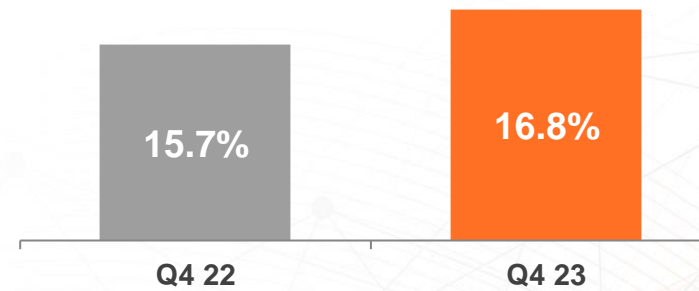
Revenue¹ \$Millions +5.9%



Q4 Revenue Performance

- Organic revenue decline of 1.3% driven by soft end market demand
- Price realization of 4.3%; Volume down 5.6%; Currency tailwind of 4.4%; M&A tailwind of 2.8%

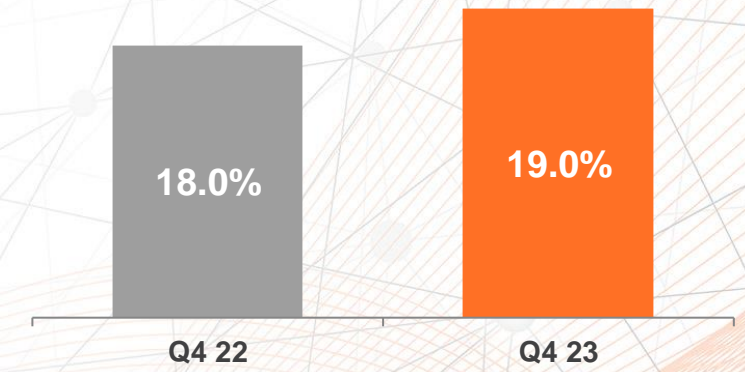
Adjusted OI%¹ +110 bps



Q4 Adjusted Margin Performance

- Price and productivity exceeded inflation and investments by ~\$6M
- Strong operational execution offsetting volume declines

Adjusted EBITDA%¹ +100 bps

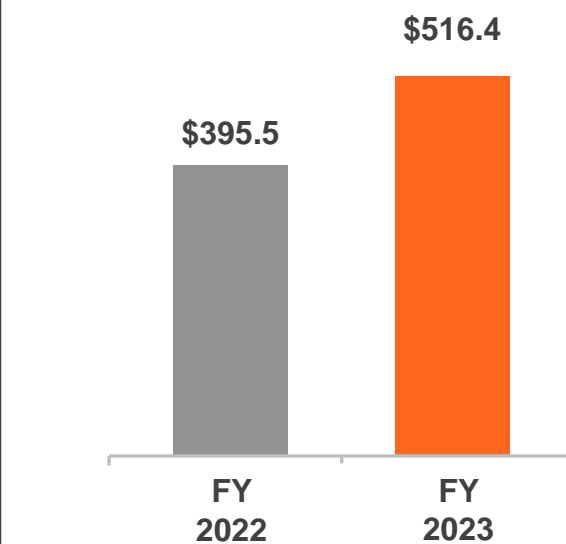


Healthy Balance Sheet & Cash Flow

Available Cash Flow

\$Millions

+30.6%

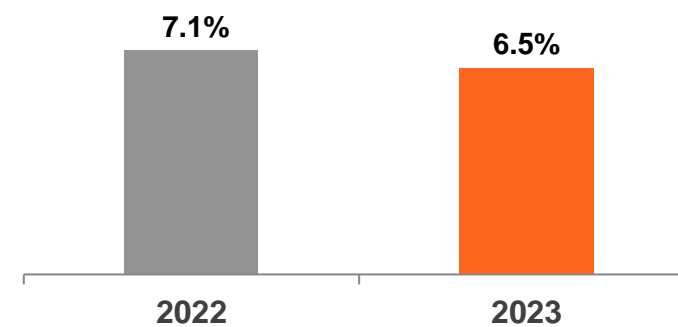


Capex \$64.0M \$84.2M

- Increase driven by higher earnings and lower cash used for net working capital, partially offset by increased capital expenditures

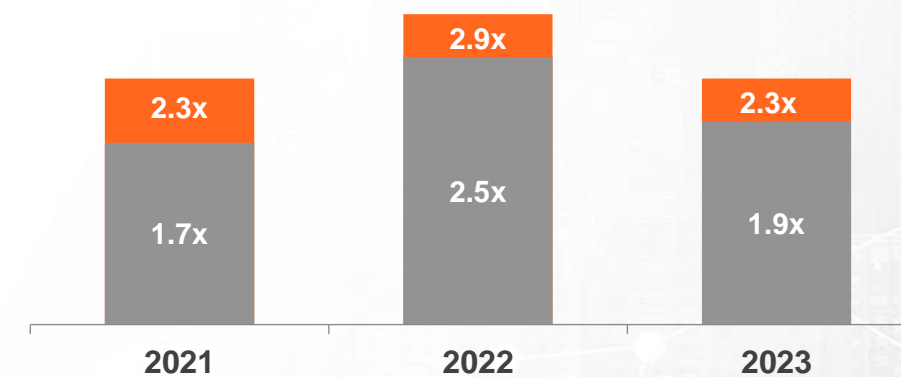
Working Capital

Working Capital % of Revenue



- Working capital improvement driven by higher inventory turns

Leverage

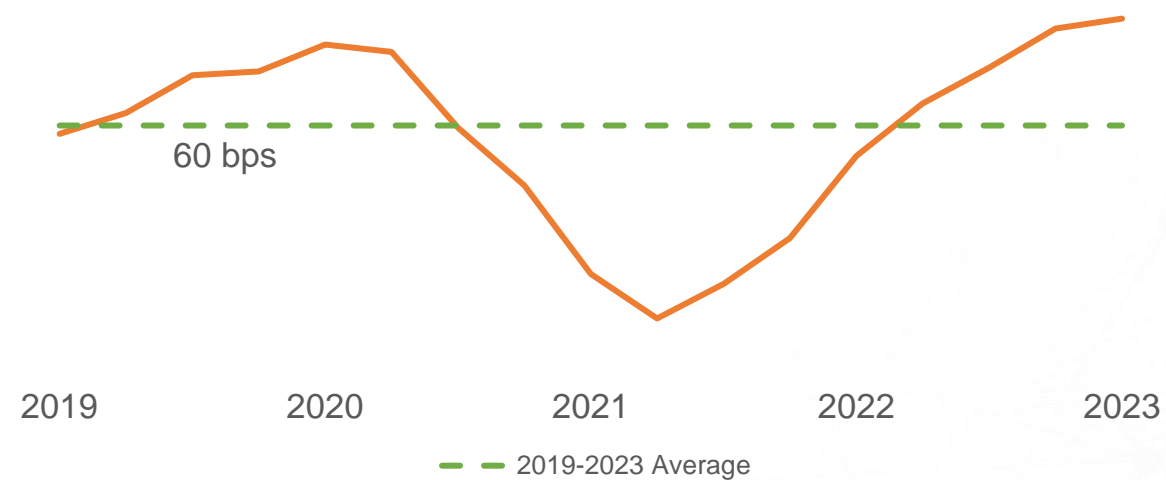


- Leverage back to historical levels

Key Drivers for 2024

Focused Execution

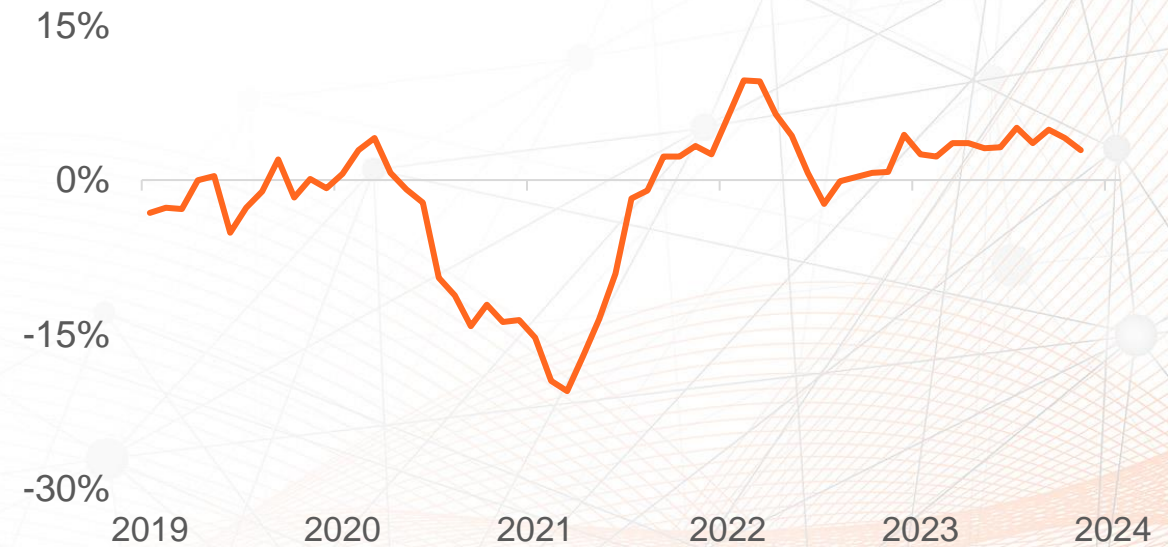
Net PPII¹ to Sales



- Return to normal price and inflation
- On average, price and productivity in excess of inflation and investment contributed ~60bps annually to margin since beginning of 2019

Stable Markets

TTM Dodge Institutional Sqft. Starts



- Institutional indicators favorable
- AIA² consensus non-residential construction forecast up ~4%

FY-2024 Outlook

Focused on execution and capital deployment in stable market backdrop

	Current Outlook	EPS Reconciliation
Reported Revenue	Americas: 1.5% to 3.5% International: 1.5% to 3.5% Total: 1.5% to 3.5%	Current Outlook
Organic Revenue¹	Americas: 1.5% to 3.5% International: -1% to 1% Total: 1% to 3%	2023 Reported EPS \$6.12
Adjusted EPS	\$7.00 to \$7.15	Acquired Intangible Asset Amortization ² \$0.46 Adjustments ³ \$0.38
ACF	\$540M to \$570M	2023 Adjusted EPS As Recasted \$6.96
		Operational Performance (incl. FX / Invest) ~\$0.35 to \$0.50 Acquisitions / Divestitures ~\$0.01 Interest and Other Income/Expense ~\$0.03 Tax Rate (18%-19% adjusted tax rate) ~(\$0.37) Share Count (~88M) ~\$0.02
		2024 Adjusted EPS Outlook 7.00 to 7.15
		Acquired Intangible Asset Amortization ² (\$0.46) Adjustments ⁴ (\$0.09)
		2024 Reported EPS Outlook \$6.45 to \$6.60

¹Organic revenue excludes acquisitions/divestitures and currency impacts

² Includes non-cash amortization expense related to acquired backlog

³2023 adjustments include costs related to restructuring and M&A and non-cash impairment charges

⁴ 2024 adjustments include anticipated costs related to restructuring and M&A

See press release for non-GAAP reconciliations

Pioneering Safety

Strong execution & record 2023 results

Driving organic growth & margin expansion

Balanced capital allocation



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Q&A

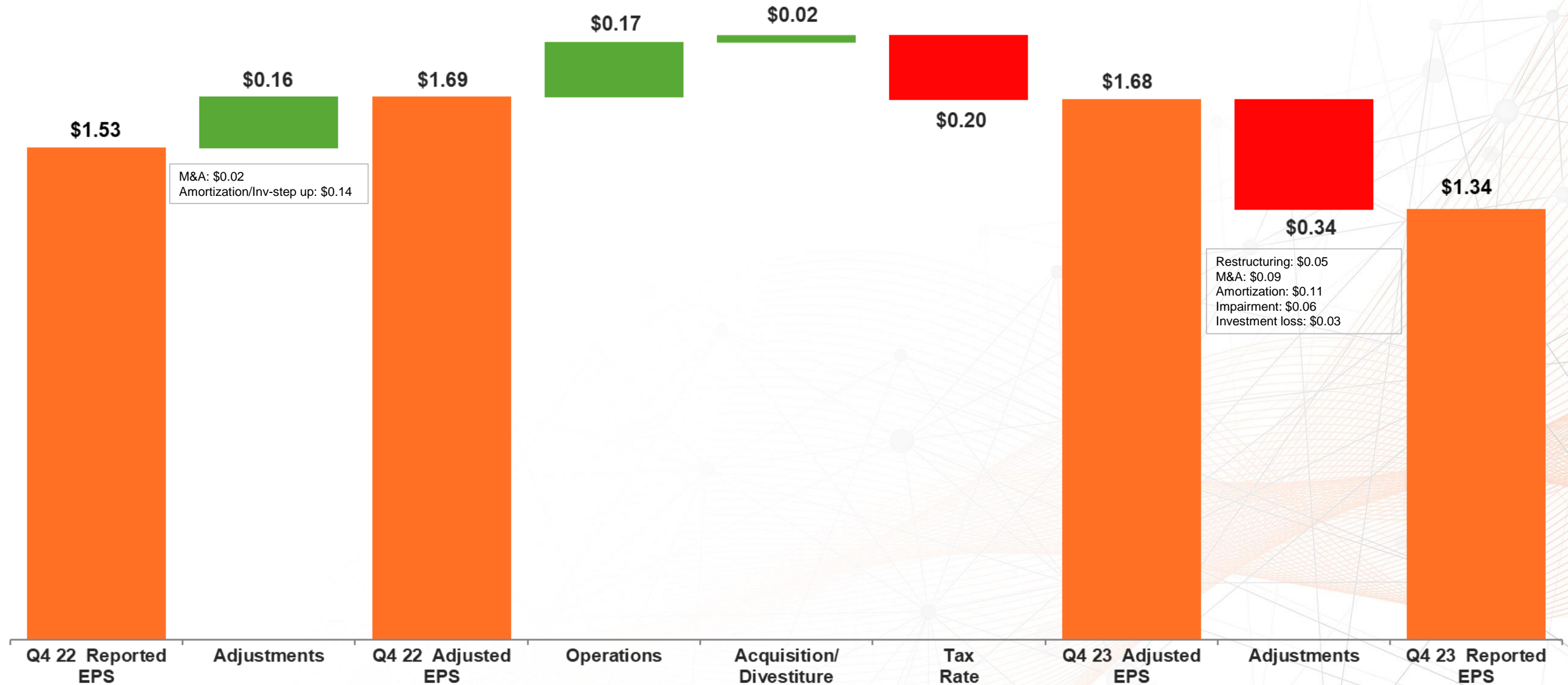


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Appendix

Q4-2023 Allegion EPS Performance



FY-2023 Financial Summary

Revenue¹ \$Millions

+11.6%



- Organic revenue increase of 5.2%
- Price realization of 7.5%; Volume down 2.3%
- Acquisition/Divestiture 6.2%

Adjusted OI Margin¹

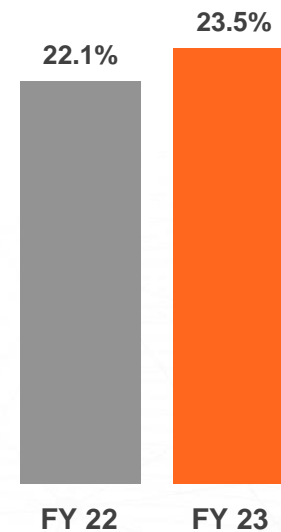
+160 bps



- Price and productivity exceeded inflation and investment by ~\$155M
- Solid price and productivity, along with material deflation, driving margin improvement

Adjusted EBITDA Margin¹

+140 bps



Adjusted EPS¹

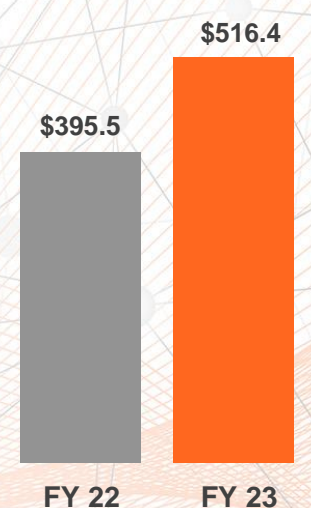
+16.2%



- Operational EPS growth of \$1.03

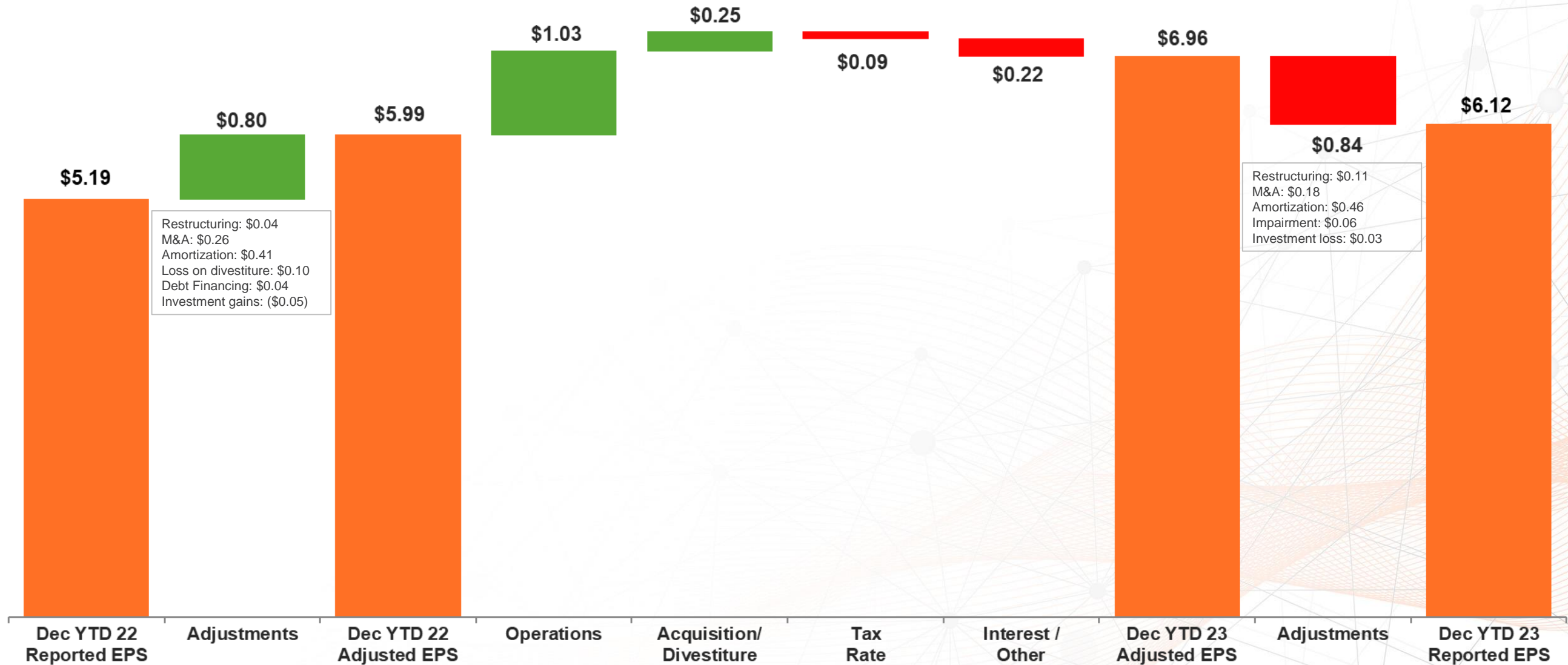
ACF¹ YTD

+30.6%

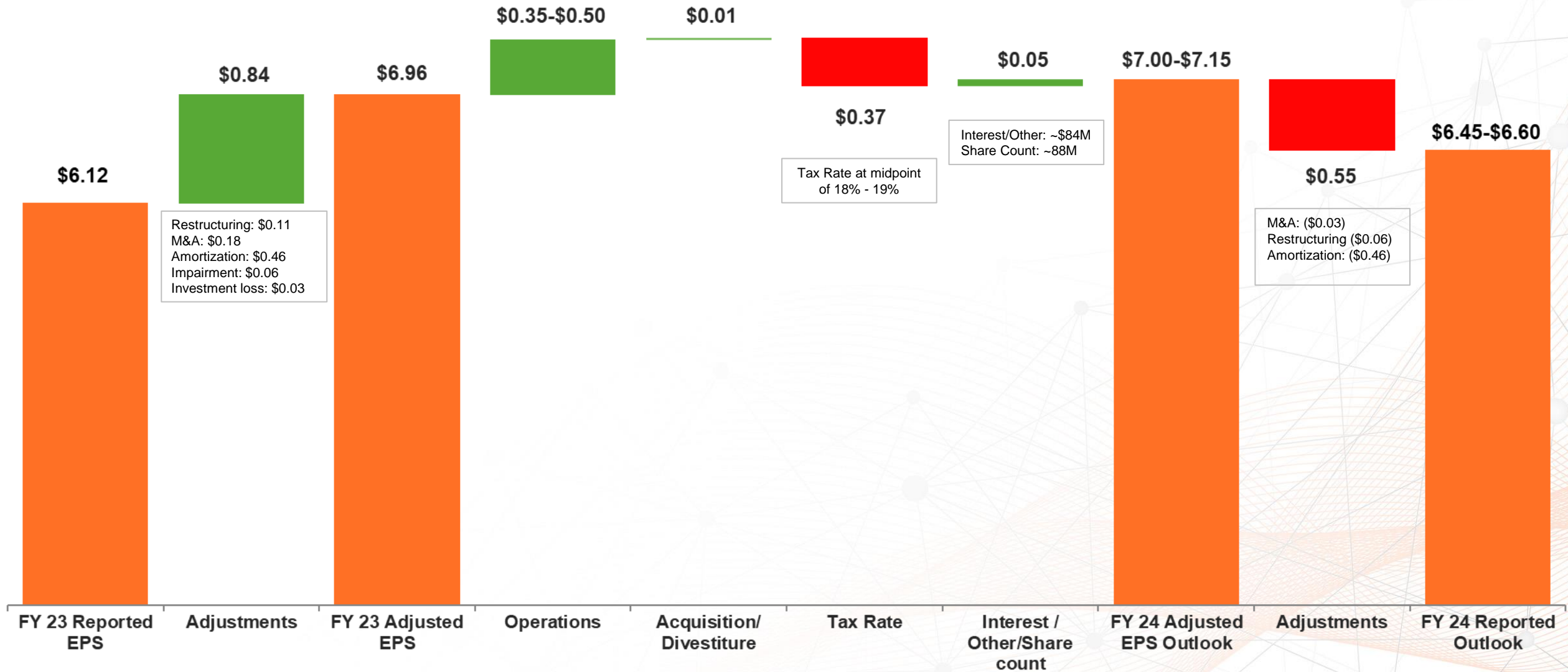


- Higher earnings and higher cash provided by working capital, partially offset by increased capital expenditures

FY-2023 Allegion EPS Performance



FY-2024 EPS Outlook Details



Reconciliation of Non-GAAP Measures

The company presents operating income, operating margin, 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) 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, 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 assets¹, 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.

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.



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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 \$3.7 billion in revenue in 2023, and its security products are sold around the world. For more, visit www.allegion.com.

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