



ALLEGION™

PIONEERING SAFETY

Second-Quarter 2020

Financial Results

July 23, 2020

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 2020 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, 2019, Form 10-Q for the quarters ended March 31, 2020 and June 30, 2020, and in its other SEC filings. The Company undertakes no obligation to update these forward-looking statements.

Reconciliation of Non-GAAP Measures

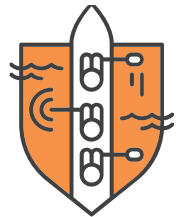
The Company presents operating income, operating margin, net earnings and diluted earnings per share (EPS) on both a U.S. GAAP basis and on an adjusted (non-GAAP) basis, revenue growth on a U.S. GAAP basis and organic revenue growth on a non-GAAP basis, and adjusted EBITDA and adjusted EBITDA margin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

Allegion Values



Serve others, not yourself



Enjoy what you do and celebrate who we are



Do the right thing



Be safe, be healthy



Be curious beyond the obvious



Be empowered and accountable



This is your business, run with it



Have a passion for excellence

COVID-19 Update

Helping keep our employees and communities safe



CONFERENCE ROOM MAXIMUM CAPACITY

- 4** Please abide by the following:
- Do not add more chairs
 - Clean work surfaces thoroughly both before and after use
 - Consider virtual meetings or teleconferencing, when possible



6-FT (1.8-M) SOCIAL DISTANCING REQUIRED
Thank you for continuing to practice social distancing at all times!



ALLEGION 

CAUTION

PLEASE MAINTAIN
SOCIAL DISTANCING



REMAIN
6 FT or 1.8 M
APART

ALLEGION 

REMEMBER TO WASH YOUR HANDS

Rinse hands with soap and
warm water for at least
20 seconds.



Thousands
Of safety changes
implemented globally

6-ft
Social distancing
measures at sites

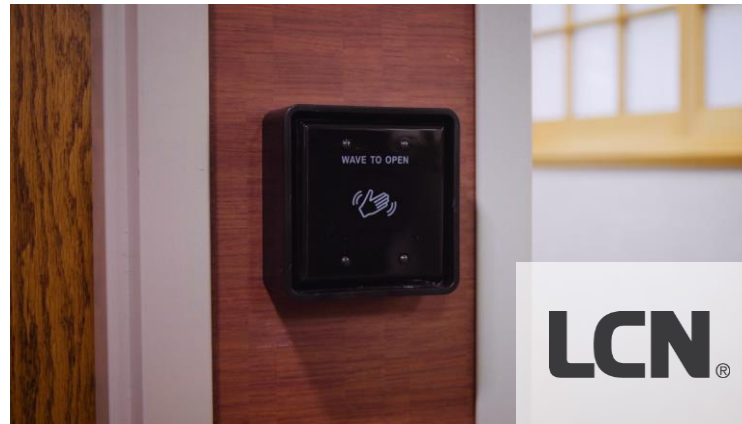
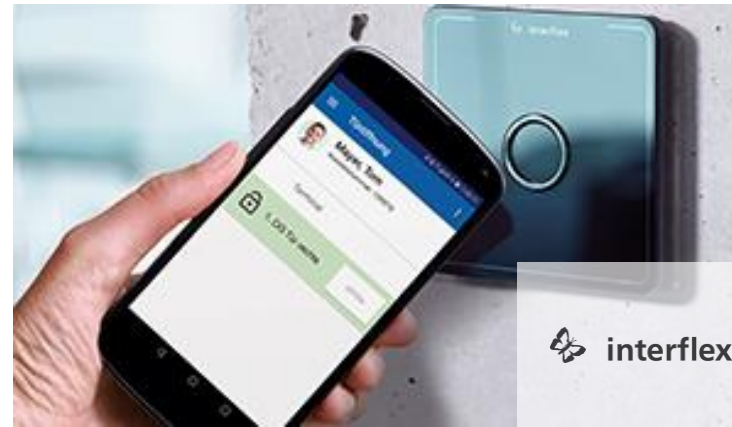
400
Bike lights and locks
donated to healthcare

45,000
Face masks donated

1,000,000
Masks provided for
Allegion employees

Seamless Access for Healthy Environments

Leveraging our core to anticipate and respond to customer needs



KEYLESS WORLD

Changing access authorisations – without on-site personnel

© The finest in keyless security

Simons Voss
technologies

Door Hardware Cleaning & Disinfecting Best Practices

Surface Technology Solutions

Touchless Automated & Mechanical Access Control

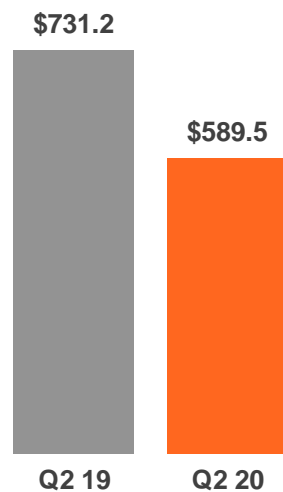
Mobile & Remote Access, Workforce Management

Seamless Access & a Safer World

Second-Quarter 2020 Financial Summary

Revenue¹ \$Millions

-19.4%



- Organic revenue decline of 18.5%
- Lower volume due to economic challenges stemming from the COVID-19 pandemic
- Currency and divestitures headwinds

Adjusted OI Margin¹

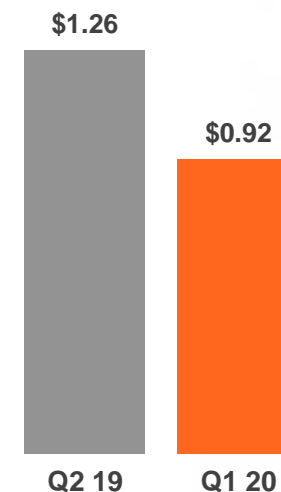
-260 bps



- Margin decline driven by significant volume reductions
- Sequential improvement during the quarter and prudent actions to reduce or delay spending

Adjusted EPS¹

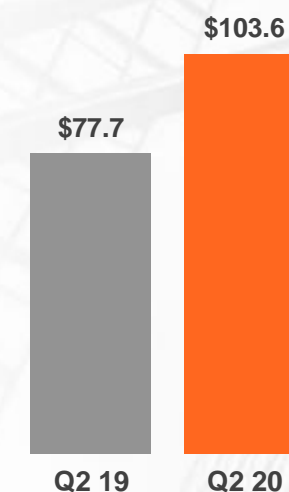
-27.0%



- Adjusted operating income down 29.3%
- Favorable share count and other income partially offsetting some of the income decline

YTD ACF¹ \$Millions

+33.3%



- Improvements in net working capital and lower capital expenditures offsetting lower net earnings

Second-Quarter 2020 Allegion EPS Performance



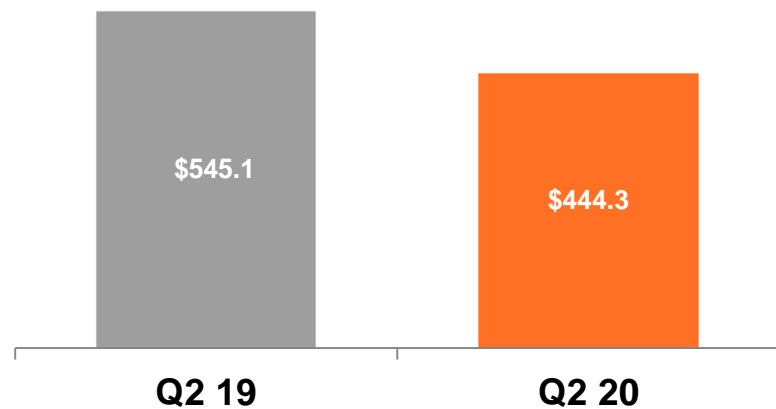
Second-Quarter 2020 Revenue Results

Lower volume due to COVID-19 pandemic

	<u>Q2</u> <u>2020</u>		<u>Q2'20</u> <u>Reported</u> <u>Growth</u>	<u>Q2'20</u> <u>Organic</u> ¹ <u>Growth</u>
Price	0.6%	Americas	-18.5%	-18.1%
Volume	-19.1%	EMEA	-21.9%	-20.4%
Organic	-18.5%	Asia Pacific	-22.1%	-18.0%
Divestitures	-0.3%			
Currency	-0.6%			
Total	-19.4%	Total Allegion	-19.4%	-18.5%

Second-Quarter 2020 Americas Results

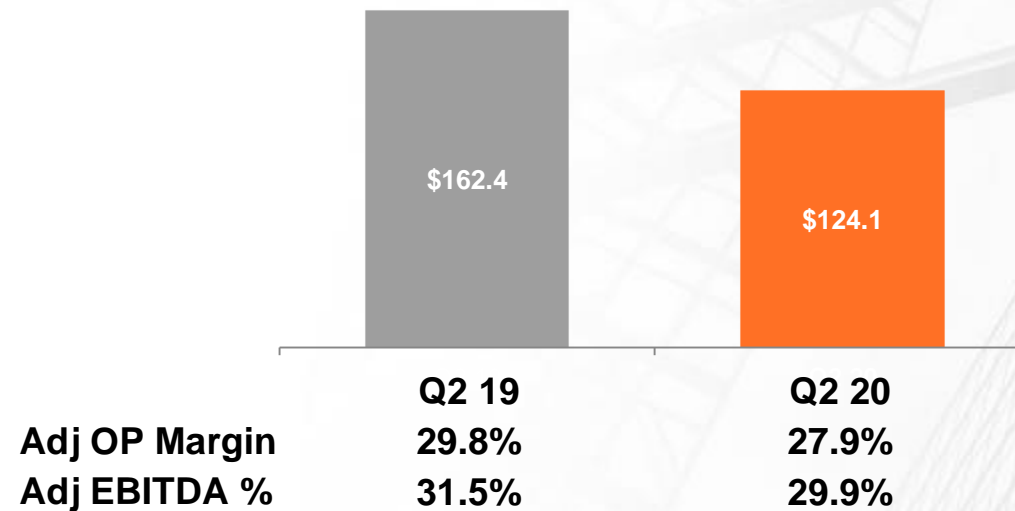
Revenue¹ \$Millions -18.5%



Q2 Revenue Performance

- Organic revenue decline of 18.1%
- Lower volume due to challenges related to COVID-19
- Modest price realization
- Sequential improvements during the quarter
- Year-over-year electronics decline in low twenties

Adjusted Operating Income¹ \$Millions -23.6%

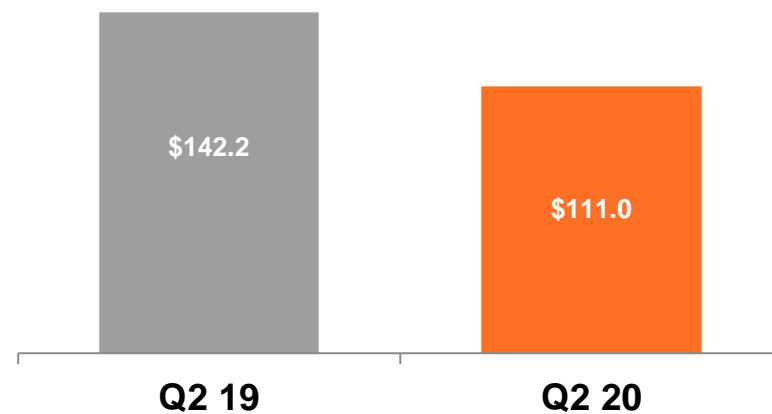


Q2 Adjusted Operating Margin -190 bps

- Volume de-leverage driving margin decline
- Positive price, productivity, inflation dynamic
 - Supported by discretionary cost actions and reductions in variable compensation

Second-Quarter 2020 EMEA Results

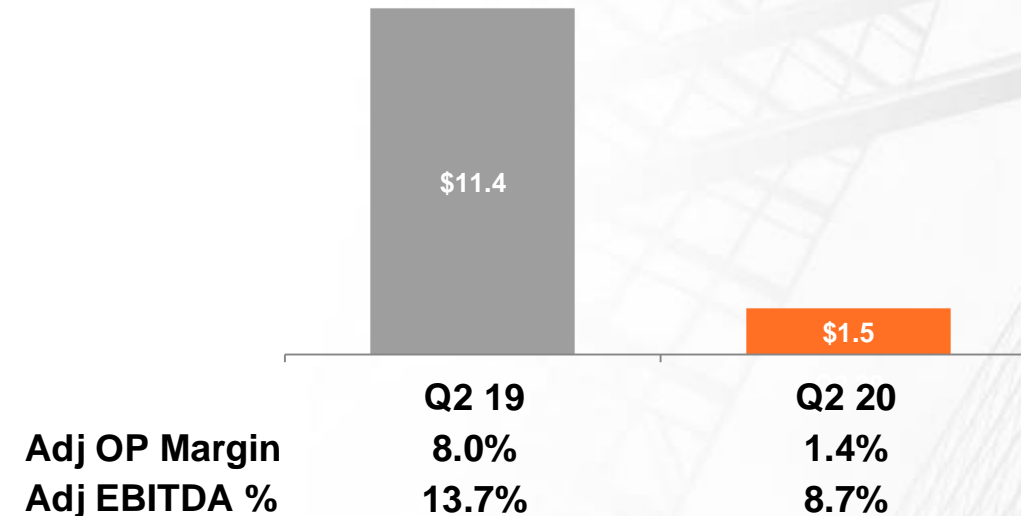
Revenue¹ \$Millions -21.9%



Q2 Revenue Performance

- Organic revenue decline of 20.4%
- Lower volume driven by COVID-19 and government decrees impacting demand
- Modest price realization
- Currency and divestitures headwinds

Adjusted Operating Income¹ \$Millions -86.8%

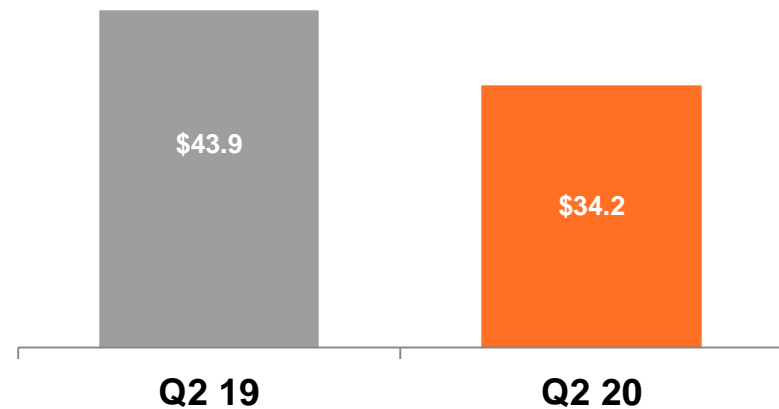


Q2 Adjusted Operating Margin -660 bps

- Significant volume declines driving margin performance
- Positive price, productivity, inflation dynamic
 - Supported by discretionary cost actions, reductions in variable compensation and government incentives

Second-Quarter 2020 Asia-Pacific Results

Revenue¹ \$Millions -22.1%



Q2 Revenue Performance

- Organic revenue decline of 18.0%
- Lower volume driven by COVID-19, as well as weakness in China residential and Australian markets
- Continued currency headwinds

Adjusted Operating Income¹ \$Millions -166.7%



	Q2 19	Q2 20
Adj OP Margin	4.1%	-3.5%
Adj EBITDA %	7.1%	-0.3%

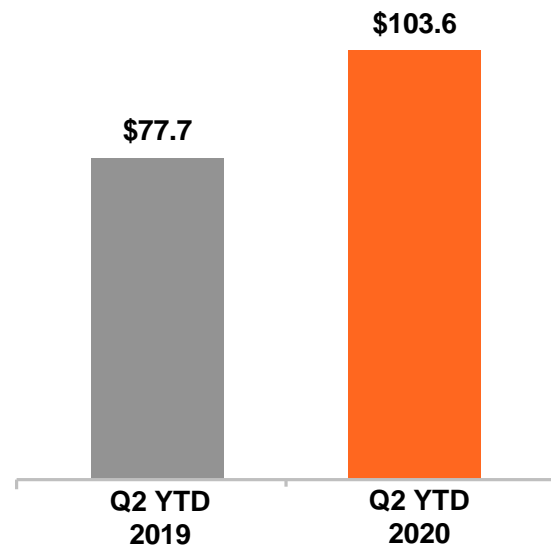
Q2 Adjusted Operating Margin -760 bps

- Volume de-leverage and unfavorable mix also contributing to margin decline
- Positive price, productivity, inflation dynamic
 - Supported by discretionary cost actions, reductions in variable compensation and government incentives
- Includes \$1.8 million charge for a product quality dispute

Year-to-Date 2020 Allegion ACF

Solid year-to-date cash flow; liquidity stable

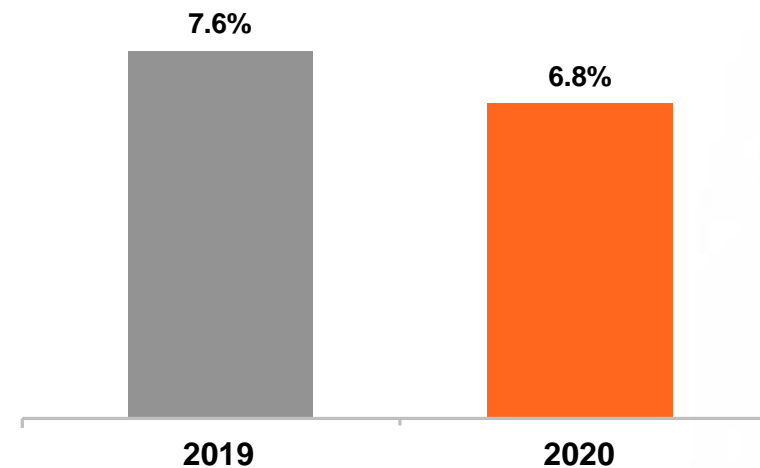
Available Cash Flow¹ \$Millions



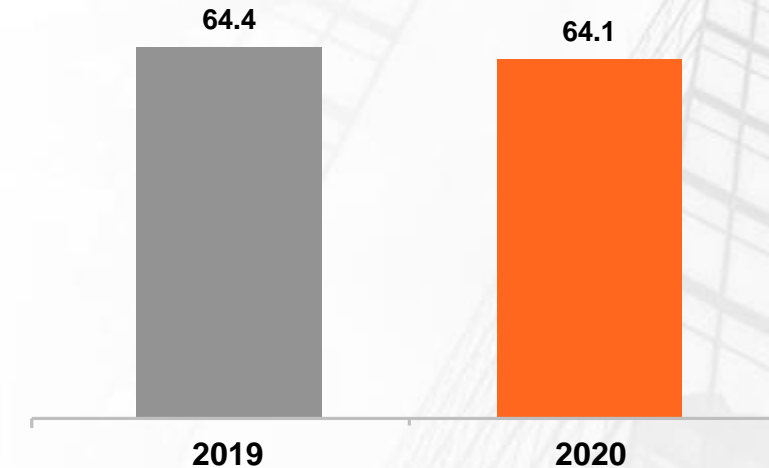
- Increase in ACF driven by improvements in working capital and lower capital expenditures offsetting lower net earnings

Working Capital² & Cash Conversion Cycle (CCC)³ \$Millions

Working Capital % of Revenue



Cash Conversion Cycle



¹ Net cash from operating activities less capital expenditures

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

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

See press release for non-GAAP reconciliations

Full-Year 2020 Revenue Outlook

COVID-19 impacts driving revenue declines for the year

Americas

Revenue Projection¹

<u>Total</u>	<u>Organic</u>
-9% to -8%	-8.5% to -7.5%

- Organic revenue declines expected in 2nd half
- Residential markets expected to outpace non-residential
- Total revenue outlook includes impact of divestiture of Colombia business

EMEA

Revenue Projection¹

<u>Total</u>	<u>Organic</u>
-11% to -10%	-10% to -9%

- Revenue declines continue in 2nd half, but sequential improvement expected
- Total revenue outlook includes impact of divestiture of Turkey business and 1st half currency pressure

Asia Pacific

Revenue Projection¹

<u>Total</u>	<u>Organic</u>
-16% to -14%	-12.5% to -10.5%

- Market weakness, especially China residential and Australia, was prevalent prior to COVID-19 and continues
- Total revenue outlook includes currency pressure

Total Allegion

Revenue Projection¹

<u>Total</u>	<u>Organic</u>
-10% to -9%	-9% to -8%

- **All updates assume no further COVID-19 related disruptions**

Full-Year 2020 EPS Outlook

2019 Reported EPS	\$4.26
Adjustments ¹	\$0.63
2019 Adjusted EPS	\$4.89
Operational Performance (Volume / OPEX / FX / Divest)	~(\$0.66) to (\$0.81)
Investments	~(\$0.05)
Interest / Other	~\$0.04
Tax Rate	~\$0.02
Share Count	~\$0.06
2020 Adjusted EPS	\$4.15 to \$4.30
Adjustments ²	~(\$1.35) to (\$1.45)
2020 Reported EPS	\$2.70 to \$2.95

Assumptions and Notes:

- Full-year adjusted effective tax rate assumption of approximately 13.5% to 14.5%
- Average diluted share count for the full year of approximately 93 million shares
- Full-year available cash flow estimated to be \$350-\$370 million
- New adjusted EPS outlook represents a decline of ~11% to 14% compared to prior year
- **Assumes no further COVID-19 related disruptions**

Second-Quarter 2020 Summary



- Q2 revenue decline of 19.4%; organic revenue¹ decline of 18.5%
- Q2 adjusted operating margin¹ of 18.9%
- Adjusted Q2 EPS¹ of \$0.92
- Re-issuing full-year revenue outlook
 - Total revenue decline of 9% to 10%
 - Organic revenue¹ decline of 8% to 9%
- Re-issuing full-year EPS outlook
 - Reported EPS of \$2.70 to \$2.95
 - Adjusted EPS¹ of \$4.15 to \$4.30
- Re-issuing available cash flow¹ outlook at \$350-\$370 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 \$2.9 billion in revenue in 2019, and sells products in almost 130 countries.

For more, visit www.allegion.com.

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