



ALLEGION™

PIONEERING SAFETY

Second-Quarter 2021

Financial Results

July 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 quarters ended March 31, 2021, and June 30, 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.

Second-Quarter 2021 Update



End Markets

Market demand recovering faster and stronger than anticipated; returning to pre-pandemic levels



Electronics

Returned to growth in Q2; strong performance in Allegion Americas residential and non-residential retrofit, repair and small projects



Inflation / Supply Chain

Inflation accelerating and parts shortages challenging; navigated through Q2, industry-wide constraints for the remainder of the year



Backlog

Backlog building due to increased market demand coupled with macroeconomic supply chain pressures



Stronger Enterprise

Positioned well for 2022; Allegion stronger structurally exiting the pandemic than when we entered

Second-Quarter 2021 Financial Summary

Revenue¹ \$Millions

+26.7%



- Organic revenue growth of 23.8%
- Reflects impact of COVID-19-related shutdowns last year
- Solid price realization
- Strength across the company, with market demand returning to pre-pandemic levels
- FX tailwinds

Adjusted OI Margin¹

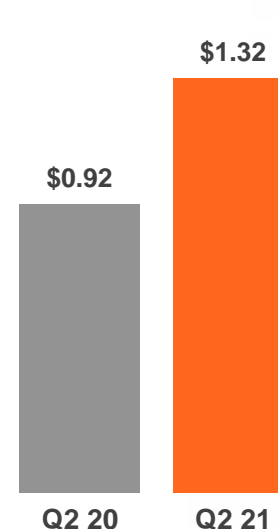
+70 bps



- Margin expansion driven by volume leverage
- Inflation accelerated and exceeded price and productivity (reflects impact of cost benefits/reductions last year due to COVID-19 pandemic)
- Mix headwinds

Adjusted EPS¹

+43.5%



- Adjusted operating income up 31.5%
- Tax rate and share count also contributed to adjusted EPS growth

YTD ACF¹ \$Millions

+140.9%



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

Strategic Pillar in Focus:

Innovative Products & Integrations – Recognized Experts – Open Standards

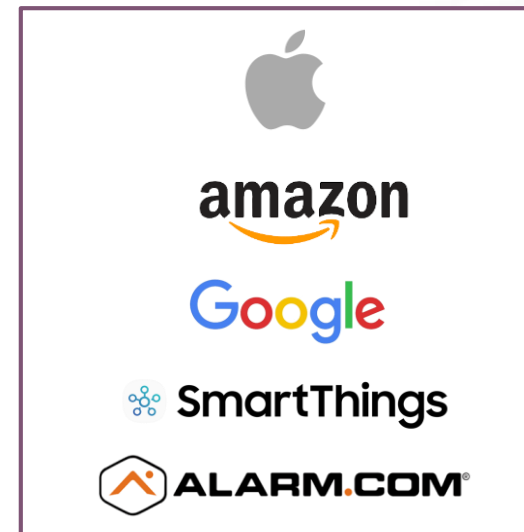
To help deliver on our vision of seamless access and a safer world, we participate in recognized, secure, industry-leading platforms; develop collaborative strategic partnerships with recognized experts; and leverage open standards

In the first half of 2021, Allegion:

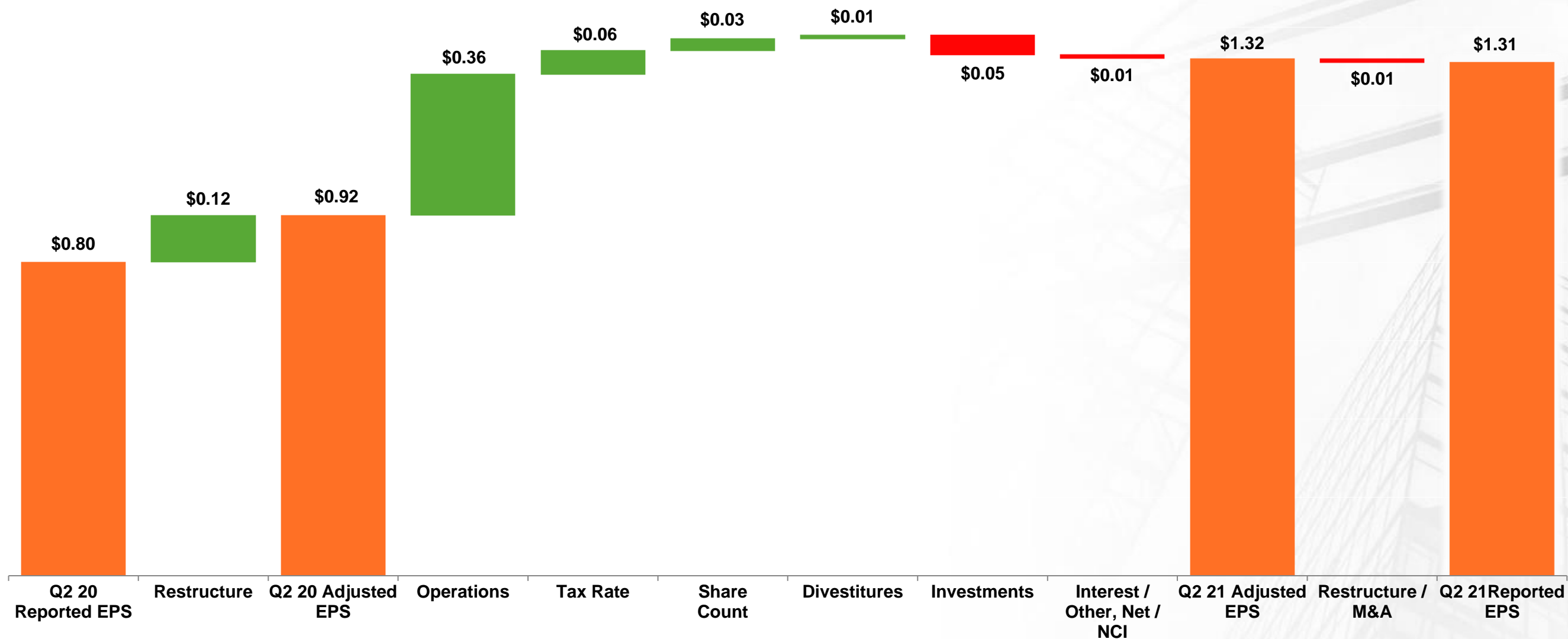
- Expanded innovation with Apple in residential and commercial
- Continued engagement with Matter Work Group (mega-tech consortium)
- Announced Allegion Ventures investments in Mint House and Mapped
- Released first product integration with Openpath



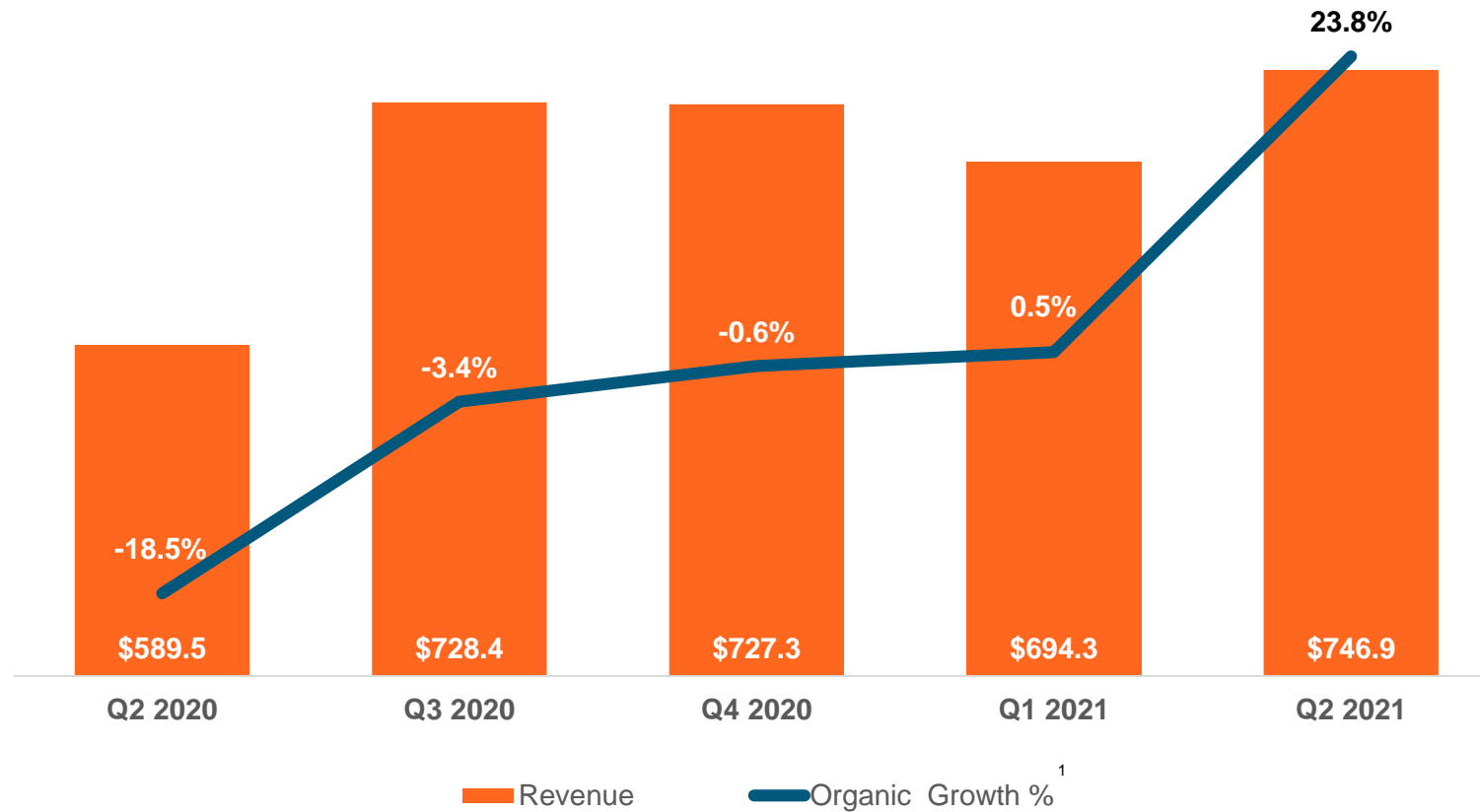
Be the Partner of Choice



Second-Quarter 2021 Allegion EPS Performance



Second-Quarter 2021 Revenue Results

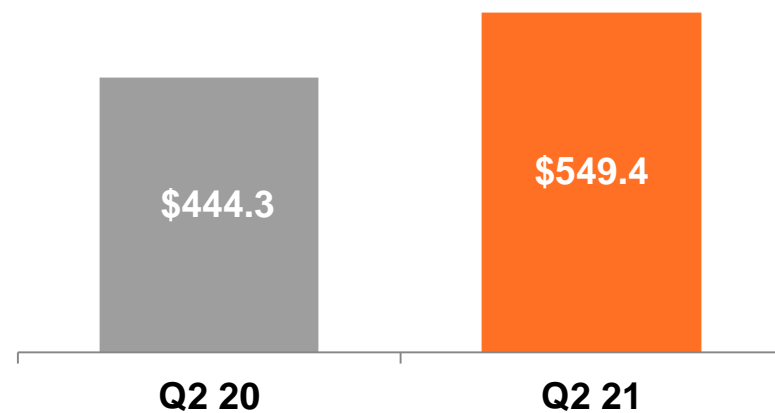


	<u>Q2'21</u> <u>Reported</u> <u>Growth</u>	<u>Q2'21</u> <u>Organic¹</u> <u>Growth</u>
Allegion Americas	23.7%	22.9%
Allegion International	36.0%	26.6%
Total	26.7%	23.8%

Q2 2021					
<u>Price</u>	<u>Volume</u>	<u>Organic¹</u>	<u>Divestitures</u>	<u>Currency</u>	<u>Total</u>
2.1%	21.7%	+23.8%	-0.8%	3.7%	+26.7%

Second-Quarter 2021 Allegion Americas Results

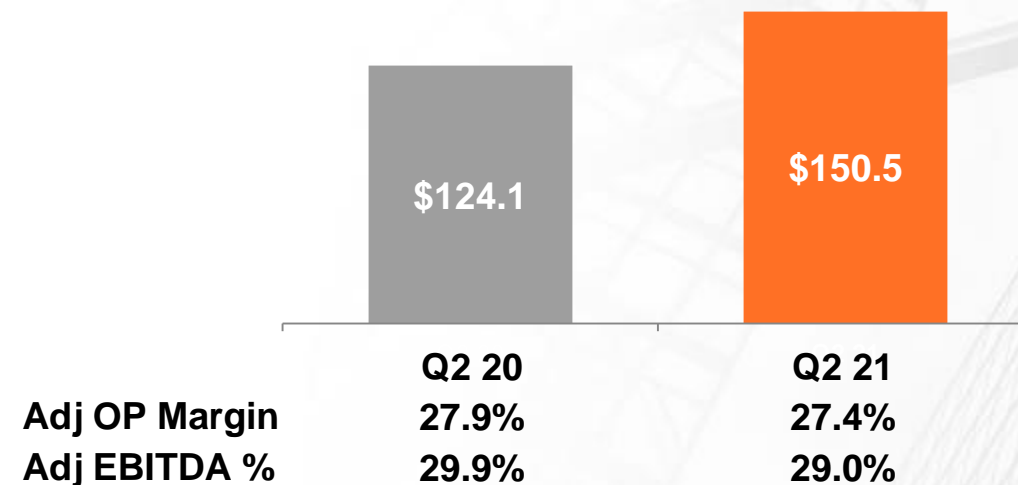
Revenue¹ \$Millions +23.7%



Q2 Revenue Performance

- Organic revenue growth of 22.9%; reflects impact of COVID-related shutdowns last year
- Strong price realization
- Non-residential business up high-single digit percent; market demand accelerated
- Residential business up more than 70%
- YOY electronics up high-twenties percent

Adjusted Operating Income¹ \$Millions +21.3%



Adj OP Margin

Q2 20
27.9%

Q2 21
27.4%

Adj EBITDA %

29.9%

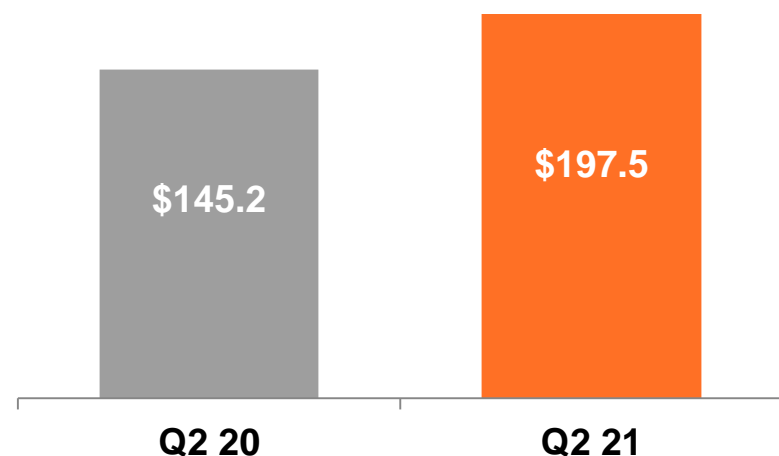
29.0%

Q2 Adjusted Operating Margin -50 bps

- Headwinds more than offset the volume leverage (unfavorable mix, inflation, non-recurring cost benefits/reductions in the prior year due to the COVID-19 pandemic)
- Price, productivity, inflation dynamic was a 60-bps headwind (slightly positive on a dollar basis)
- Incremental investments were a 60-bps headwind

Second-Quarter 2021 Allegion International Results

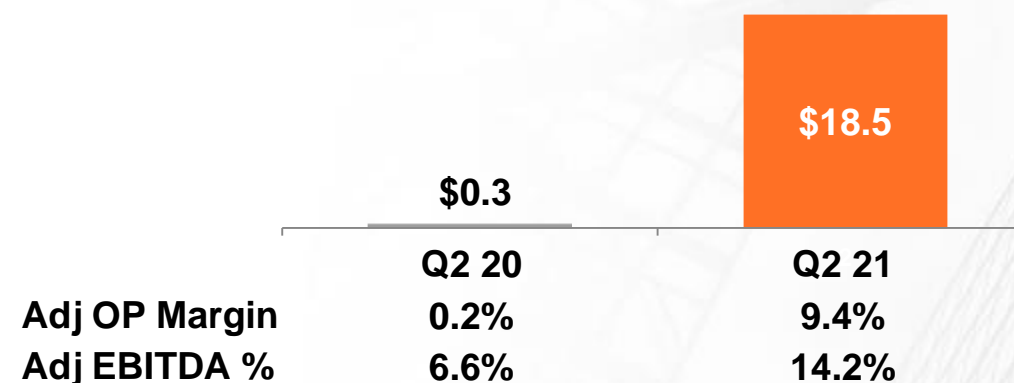
Revenue¹ \$Millions +36.0%



Q2 Revenue Performance

- Organic revenue growth of 26.6%
- Organic growth driven by strength across all our major geographies and businesses; reflects impact of COVID-related shutdowns last year
- Currency tailwinds

Adjusted Operating Income¹ \$Millions



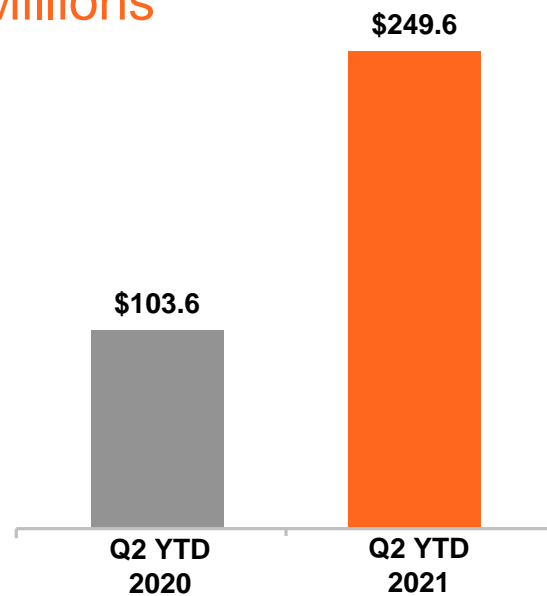
Q2 Adjusted Operating Margin +920 bps

- Solid volume leverage along with continued realization of benefits related to cost control actions and prior year restructuring
- Price, productivity, inflation dynamic was a 150-bps headwind (includes headwinds from non-recurring cost benefits/reductions in the prior year due to the COVID-19 pandemic)
- Incremental investments were a 20-bps headwind

Year-to-Date 2021 Allegion ACF

Strong cash generation

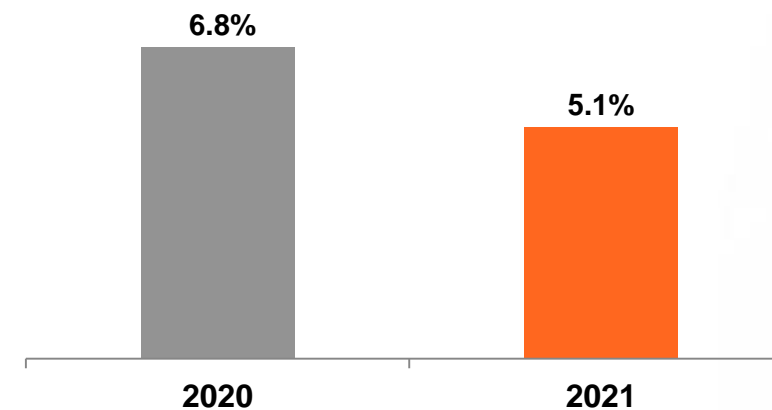
Available Cash Flow¹ \$Millions



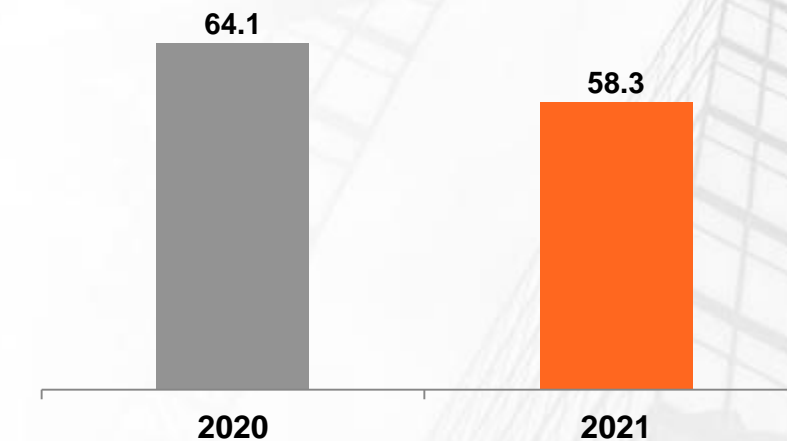
- Increase in ACF driven by higher earnings, improvements in net working capital and lower capital expenditures

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 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>
Total	Americas	+4.5 to +5%	Flat to +1%	2021 Reported EPS	\$5.15 to \$5.30	\$4.85 to \$5.05
Organic	Americas	+4 to +4.5%	Flat to +1%	Adjustments¹	~\$0.10	\$0.10 to \$0.15
Total	International	+13.5% to +14.5%	+12% to +13%	2021 Adjusted EPS	\$5.25 to \$5.40	\$5.00 to \$5.15
Organic	International	+8.5% to +9.5%	+7.5% to +8.5%			
Total	Allegion	+7% to +7.5%	+3% to +4%			
Organic	Allegion	+5.5% to +6%	+2% to +3%			

Assumptions and Notes:

- Investment assumption of approximately \$0.20 per share
- Full-year adjusted effective tax rate assumption of approximately 12%
- Average diluted share count for the full year of approximately 91 million shares
- Full-year available cash flow estimated to be \$490-\$510 million

Second-Quarter 2021 Summary



- Q2 revenue growth of 26.7%; Organic revenue¹ growth of 23.8%
- Q2 adjusted operating margin¹ of 19.6%; Up 70 bps vs prior year
- Adjusted Q2 EPS¹ of \$1.32 or +43.5% growth vs prior year
- Raising full-year revenue outlook
 - Total revenue growth of 7% to 7.5%
 - Organic revenue growth of 5.5% to 6%
- Raising full-year EPS outlook
 - Reported EPS of \$5.15 to \$5.30
 - Adjusted EPS¹ of \$5.25 to \$5.40
- Raising available cash flow¹ outlook to \$490-\$510 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.

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