



ALLEGION™

PIONEERING SAFETY

Second-Quarter 2022

Financial Results

July 28, 2022

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 continued impacts of the global COVID-19 pandemic, supply chain constraints, electronic component and labor shortages, inflation, rising freight and material costs, impacts of Russia's invasion of Ukraine including further supply chain disruptions and the increased risk of cyber-attacks in connection with such invasion, the Company's 2022 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, 2021, Form 10-Q for the quarters ended March 31, 2022, and June 30, 2022, 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 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 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 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. 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.

John H. Stone Joins Allegion as President & CEO

Right leader to take Allegion into its next chapter



Transformative leader and seasoned executive with 18 years of senior leadership experience



Proven ability to translate technological trends into solutions that meet evolving customer needs, while delivering operating and business process excellence



Established track record of driving innovation to adopt smarter, safer and more sustainable products – and highly motivated by the opportunity to further Allegion's seamless access strategy

Building Our Future Together



Seamless Access Enhancement	High-Growth Services
Strong Financial Profile	Robust Product Portfolio

2022 Reported Revenue Impact	~9% in FY Americas
Operational Performance	~\$0.20 per share ¹
Intangible Asset Amortization	~(\$0.13) per share ¹
Interest Expense	~(\$0.17) per share ¹
2022 Adjusted EPS Impact	~(\$0.10)

Highly strategic combination with significant long-term shareholder value creation opportunities

Business Review

Market / Demand

Allegion Americas non-residential markets remain strong;
Allegion Americas residential and Allegion International markets softening

Supply Chain / Electronics

Managing supply chain challenges;
Mechanical supply chain improving; Electronic components difficulties persist

Price vs Cost

Strong price realization in the quarter – exceeding inflation;
Price and productivity will exceed inflation for the remainder of the year

Currency

Allegion International results negatively affected by currency impacts

Second-Quarter 2022 Financial Summary

Revenue¹ \$Millions

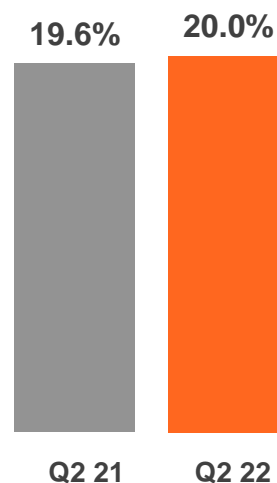
+3.5%



- Organic revenue growth of 6.4%
- Significant price realization of 8.4%
- Strength in Americas non-residential business offset by softness experienced in Americas residential and International businesses

Adjusted OI Margin¹

+40 bps



- Price and productivity exceeded inflation by \$20M dollars (100-bps benefit to margins)
- Favorable business mix offset volume deleverage
- Incremental investments were a 70-bps headwind

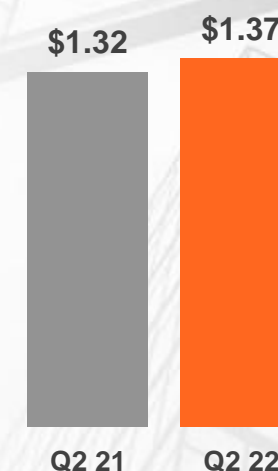
Adjusted EBITDA Margin¹

+30 bps



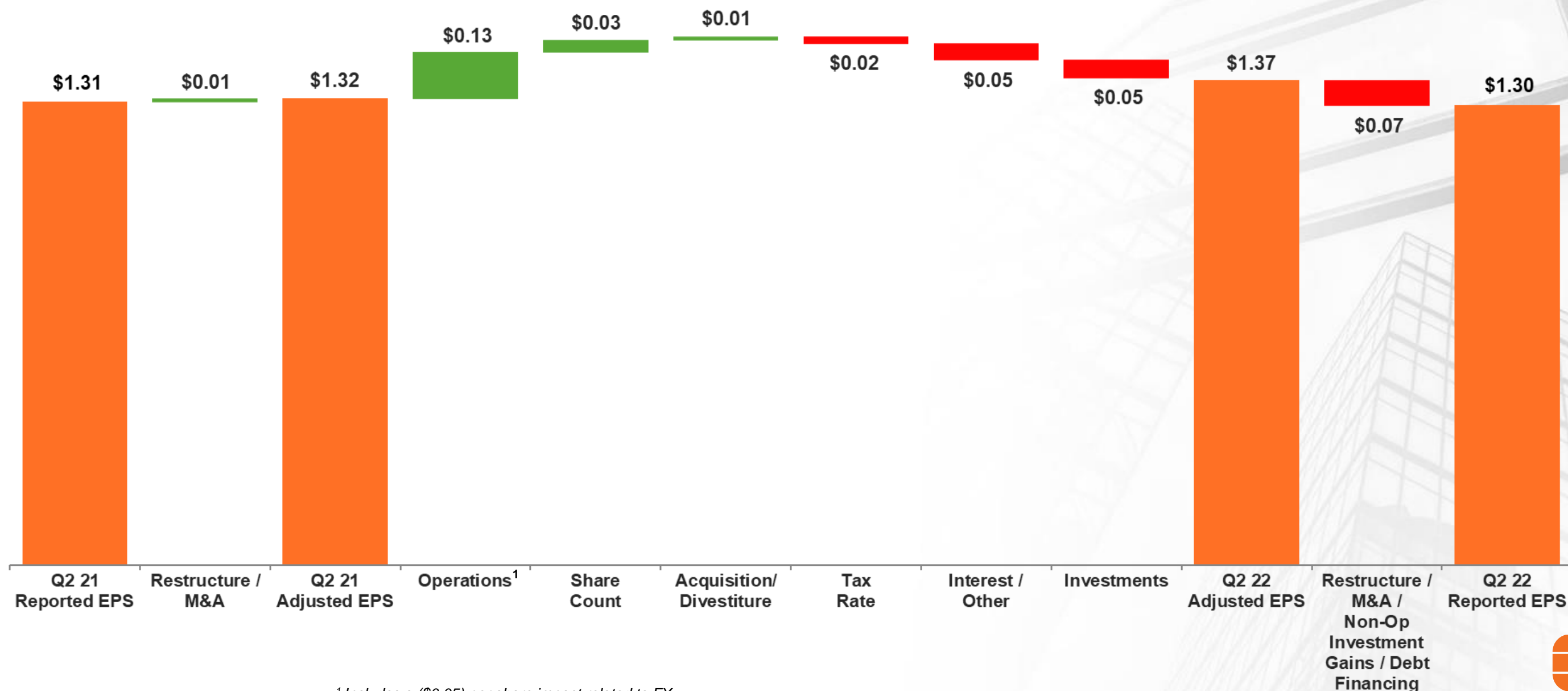
Adjusted EPS¹

+3.8%



- Strong operations
- Unfavorable tax and adjusted other income more than offset favorable share count
- Investments and FX were each a \$0.05 per share drag

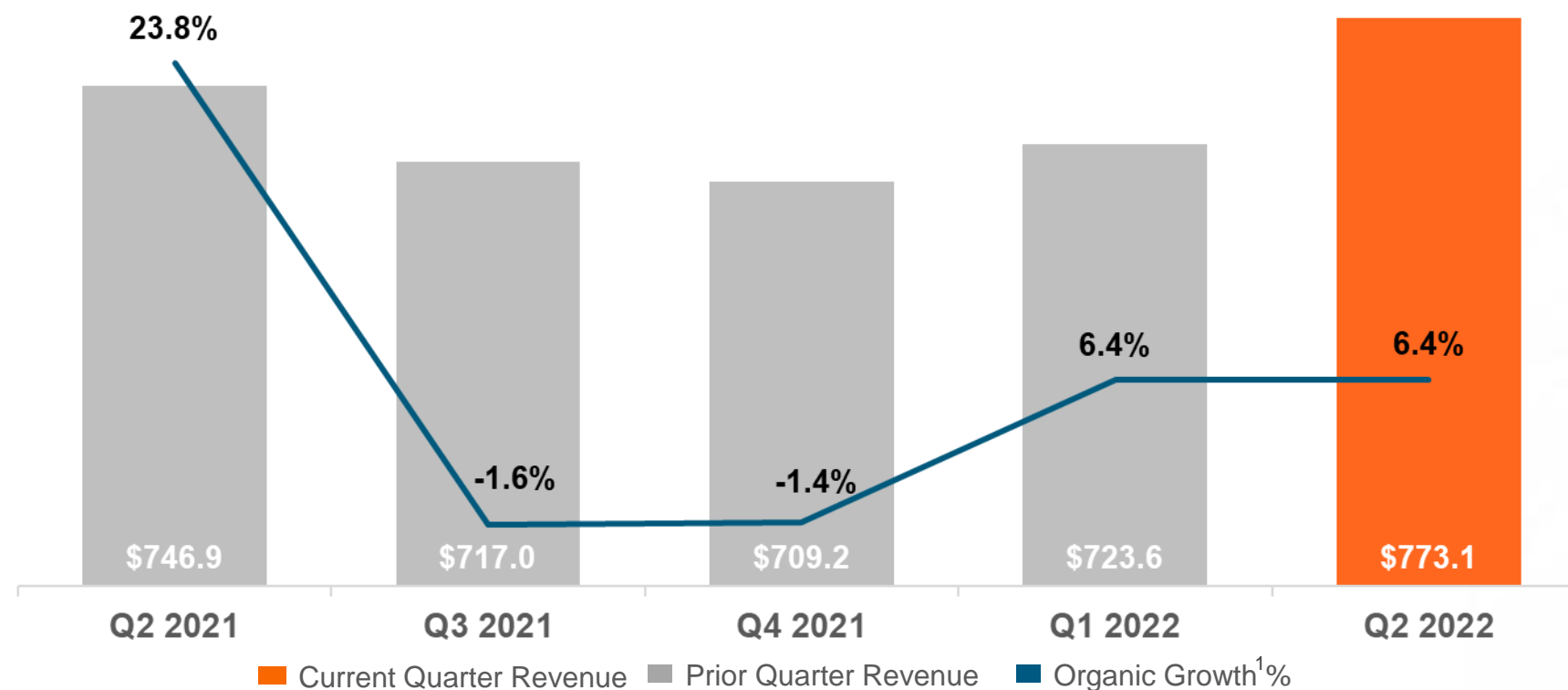
Second-Quarter 2022 Allegion EPS Performance



¹ Includes a (\$0.05) per share impact related to FX
See press release for non-GAAP reconciliations

Second-Quarter 2022 Revenue Results

\$Millions



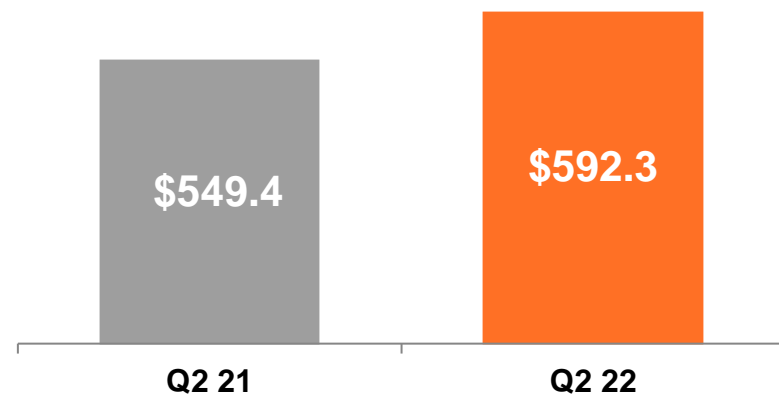
	<u>Q2'22</u> <u>Reported</u> <u>Growth</u>	<u>Q2'22</u> <u>Organic¹</u> <u>Growth</u>
Allegion Americas	7.8%	8.0%
Allegion International	-8.5%	1.9%
Total	3.5%	6.4%

Q2 2022

<u>Price</u>	<u>Volume</u>	<u>Organic¹</u>	<u>Acq/Div</u>	<u>Currency</u>	<u>Total</u>
+8.4%	-2.0%	+6.4%	+0.1%	-3.0%	+3.5%

Second-Quarter 2022 Allegion Americas Results

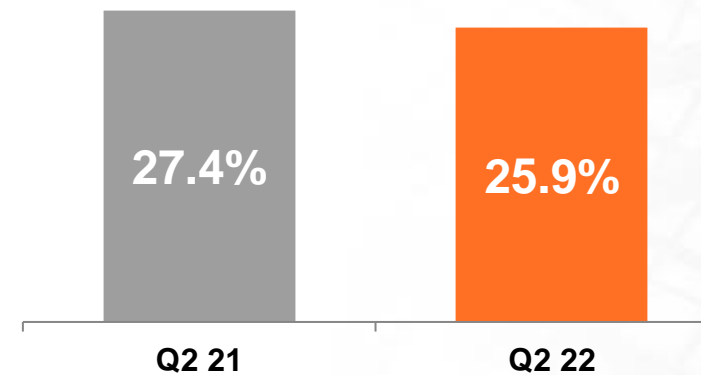
Revenue¹ \$Millions +7.8%



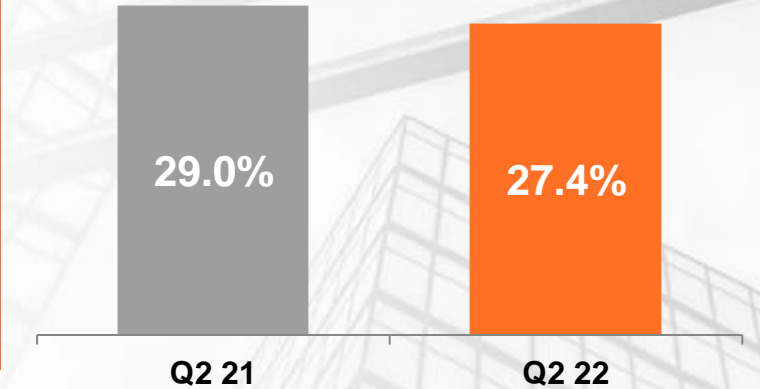
Q2 Revenue Performance

- Organic revenue growth of 8.0%
- 9.4% price realization with strength in non-residential and residential
- Non-residential business up high-teens as favorable pricing and volume both contributing to the overall growth
- Residential business down mid-teens due to prior-year catch-up on COVID-related backlogs and electronic components availability
- Electronics down low-single digits; Flat on a YTD basis

Adjusted OI%¹ -150 bps



Adjusted EBITDA%¹ -160 bps

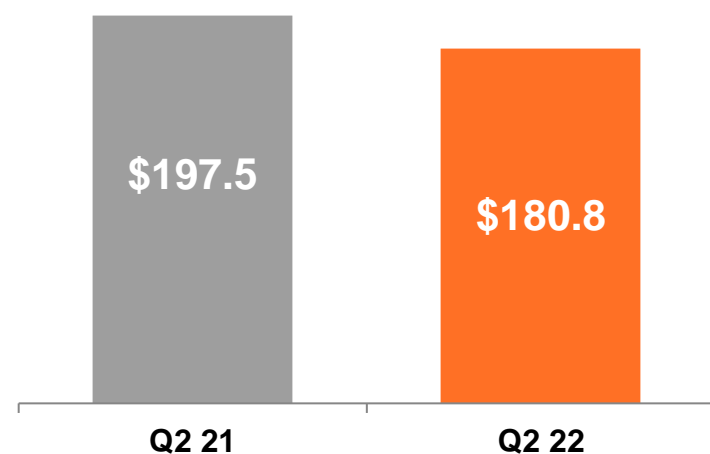


Q2 Adjusted Margin Performance

- Sequential margin improvement (+240 bps) from prior quarter
- Positive mix more than offsets lower volume
- Price and productivity exceeded inflation by \$6M dollars (140-bps dilutive to margins)
- Incremental investments were a 70-bps headwind

Second-Quarter 2022 Allegion International Results

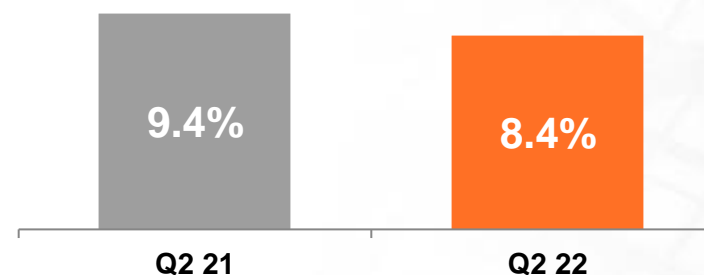
Revenue¹ \$Millions -8.5%



Q2 Revenue Performance

- Organic revenue growth of 1.9%
- Solid price realization of 5.5%
- European and Asian markets softening due to geopolitical challenges and zero-tolerance COVID policy in China
- Currency headwinds (10.9%)

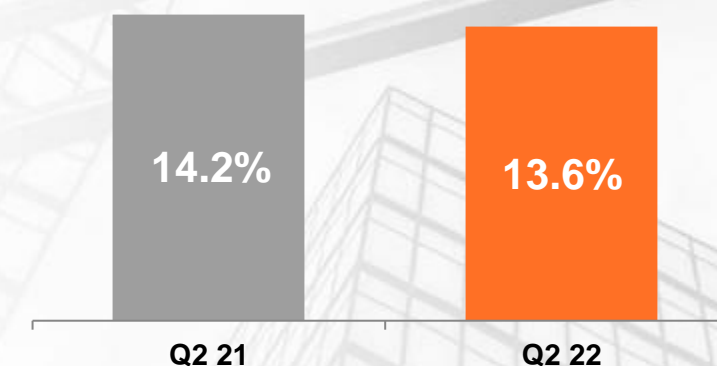
Adjusted OI%¹ -100 bps



Q2 Adjusted Margin Performance

- Margin decline driven by FX (-120 bps) and volume/mix (-180 bps)
- Price and productivity exceeded inflation by \$6M dollars (230-bps benefit to margins)
- Incremental investments were an 80-bps headwind

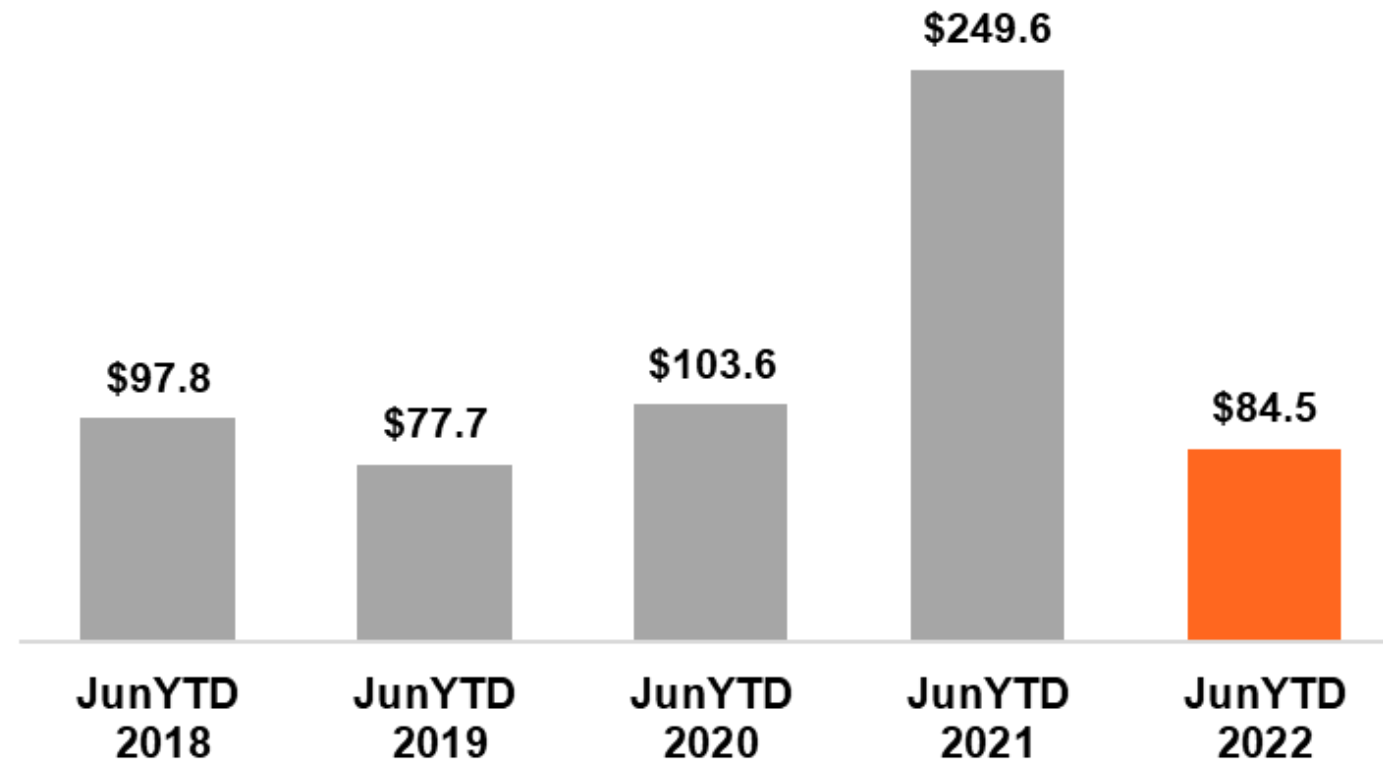
Adjusted EBITDA%¹ -60 bps



2022 Allegion ACF & Debt

Available Cash Flow¹

\$Millions



Notes:

- YTD ACF approximates historical trends
- Investing in inventory to create supply chain resiliency
- Company utilized revolver and senior notes issuance to fund acquisition
- Near-term focus to utilize cash to manage leverage

Full-year ACF now expected to be \$420-\$440 million

Full-Year 2022 Revenue Outlook

2022 Revenue Outlook - Current

Reported & Organic ¹ Revenue Outlook	<u>Allegion Americas</u>		<u>Allegion International</u>		<u>Total Allegion</u>	
	Reported:	21% to 22%	Reported:	-8% to -7%	Reported:	13% to 14%
	FX:	~0%	FX:	~(10%)	FX:	~(2.5%)
	Acq/Div:	~9%	Acq/Div:	~0%	Acq/Div:	~6.5%
	Organic:	12% to 13%	Organic:	2% to 3%	Organic:	9% to 10%

2022 Revenue Outlook - Prior

Reported & Organic ¹ Revenue Outlook	<u>Allegion Americas</u>		<u>Allegion International</u>		<u>Total Allegion</u>	
	Reported:	10% to 11.5%	Reported:	0.5% to 2%	Reported:	7.5% to 9%
	FX:	~0%	FX:	~(4.5%)	FX:	~(1%)
	Acq/Div:	~0%	Acq/Div:	~0%	Acq/Div:	~0%
	Organic:	10% to 11.5%	Organic:	5% to 6.5%	Organic:	8.5% to 10%

Reported growth of 13% to 14%; Organic growth of 9% to 10%

Full-Year 2022 EPS Outlook

EPS Reconciliation – incl. Access Technologies

2021 Reported EPS	\$5.34
Adjustments ¹	~(\$0.15)
2021 Adjusted EPS	\$5.19
Operational / FX	~\$0.85 to \$0.95
Investments	~(\$0.20)
Interest Expense / Other Income	~(\$0.16)
Tax Rate	~(\$0.35)
Share Count	~\$0.12
Access Technologies Acquisition	~(\$0.10)
2022 Adjusted EPS	\$5.35 to \$5.45
Adjustments ²	~(\$0.30)
2022 Reported EPS	\$5.05 to \$5.15

EPS Reconciliation – Prior Outlook

2021 Reported EPS	\$5.34
Adjustments ¹	~(\$0.15)
2021 Adjusted EPS	\$5.19
Operational / FX	~\$0.94 to \$1.09
Investments	~(\$0.20) to (\$0.15)
Interest Expense / Other Income	~(\$0.15)
Tax Rate	~(\$0.35)
Share Count	~\$0.12
Access Technologies Acquisition	\$0.00
2022 Adjusted EPS	\$5.55 to \$5.75
Adjustments ²	~(\$0.05)
2022 Reported EPS	\$5.50 to \$5.70

Notes:

- Full-year adjusted effective tax rate of ~13%
- Full-year average diluted share count of ~88.5 million

Strong operational performance more than offset FX and investment headwinds

¹ Adjustments include costs related to restructuring, M&A, debt financing, gains / losses related to the divestiture of businesses or equity method investments, and a non-operating investment gain

² 2022 adjustments include anticipated costs related to restructuring and M&A, debt financing and non-operating investment gains / losses
See press release for non-GAAP reconciliations

Summary



- Excited to welcome John Stone as president and CEO
- Closed on the Access Technologies acquisition at the beginning of July
- Solid price realization – price and productivity exceeded inflation in the quarter – anticipate this will continue
- Allegion Americas non-residential end markets remain strong; Entering 2nd half with healthy backlog



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Q&A



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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 \$2.9 billion in revenue in 2021 and its security products are sold around the world.

For more, visit www.allegion.com.

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