



ALLEGION™

PIONEERING SAFETY™

Q2-2024 Earnings Call

July 24, 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 Key Business Drivers, FY-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.

Stable Markets, Strong Execution

MSD revenue growth; Solid margin expansion

Accelerating capital deployment

Raising full-year 2024 outlook

Capital Allocation

Invest for Organic Growth



Schlage's new suite of Indication Trims

Dividend

\$42M

\$0.48 per ordinary share of the company

Acquisitions



Growth rate & EPS accretive

Share Repurchase

\$40M

In Q2 2024

Q2-2024 Financial Summary

Revenue \$Millions

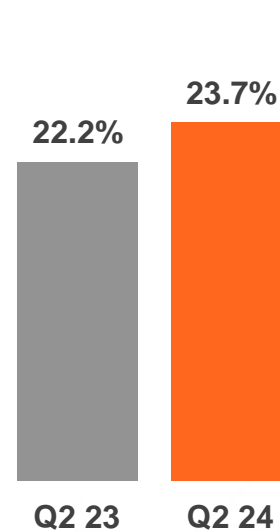
5.8%



- Organic growth of 5.2%
- Strength in both Americas and International

Adjusted OI Margin

+150 bps



- Strong operational execution, leveraging volume growth
- Price and productivity exceeded inflation and investment by \$12.8M

Adjusted EBITDA Margin

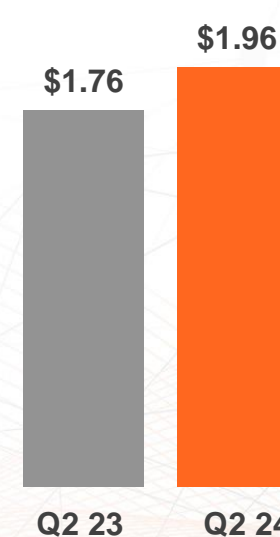
+170 bps



- Operations delivered \$0.24 (~14%) of EPS growth
- \$0.10 headwind from tax
- \$0.06 contribution from interest, acquisitions and share repurchase

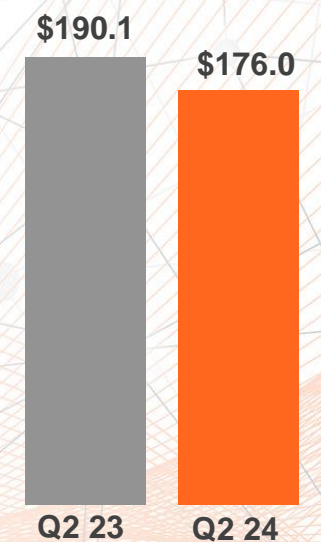
Adjusted EPS

+11.4%



ACFYTD \$Millions

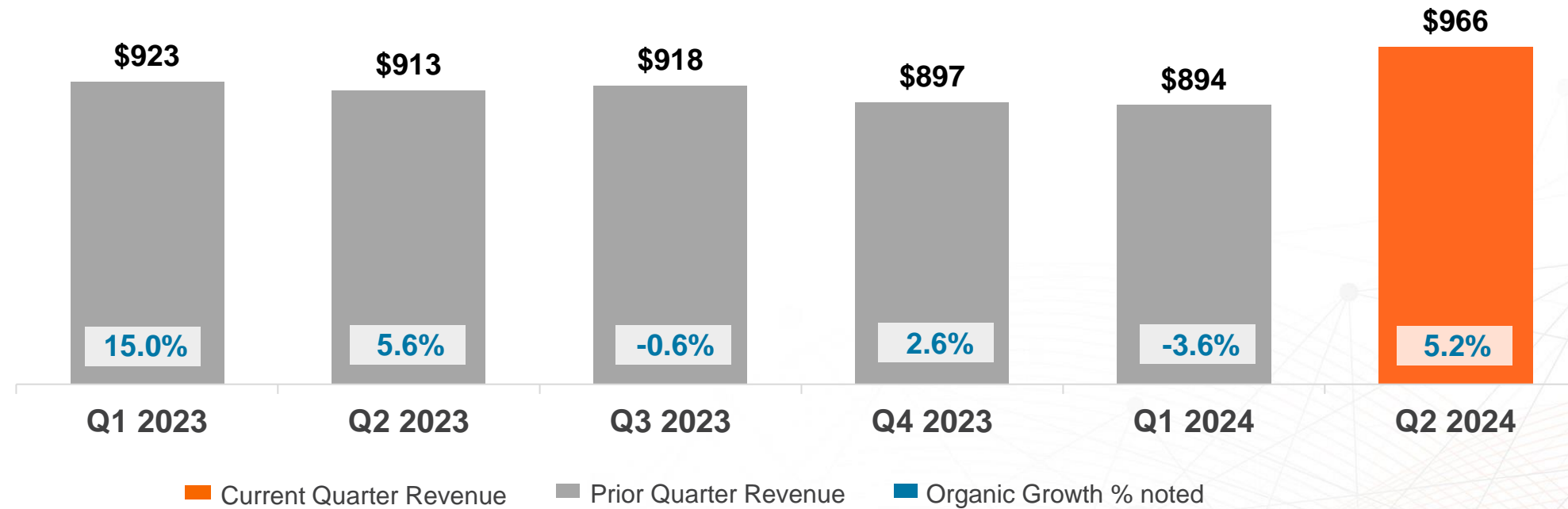
-7.4%



- Higher earnings more than offset by increased capital expenditures and working capital

Q2-2024 Revenue Results

\$Millions

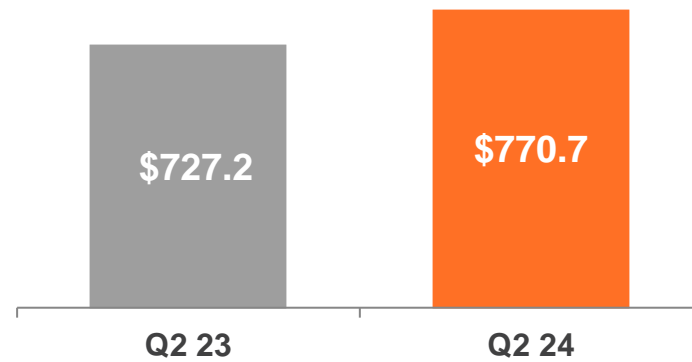


	Reported	Organic
Americas		
Q2	6.0%	5.7%
Q2 YTD	0.8%	0.7%
International		
Q2	5.2%	3.1%
Q2 YTD	3.3%	1.2%

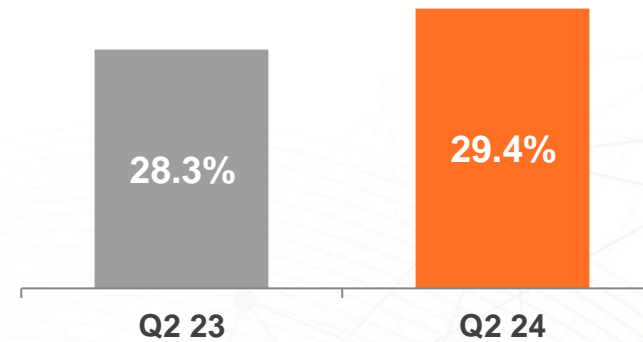
	<u>Price</u>	<u>Volume</u>	<u>Organic</u>	<u>Acq/Div</u>	<u>Currency</u>	<u>Total</u>
Q2	2.7%	2.5%	+5.2%	0.9%	-0.3%	+5.8%
YTD	3.5%	-2.7%	+0.8%	0.6%	-0.1%	+1.3%

Q2-2024 Allegion Americas Results

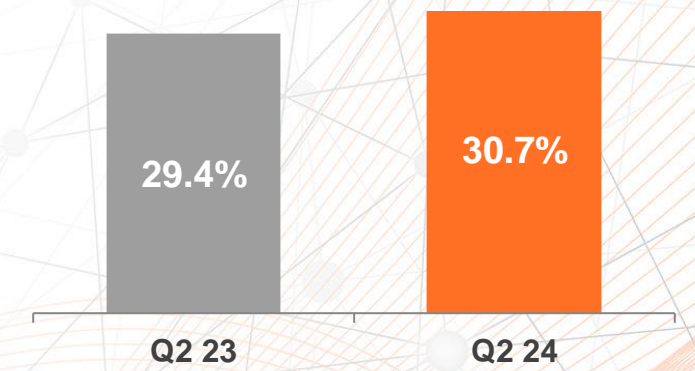
Revenue \$Millions +6.0%



Adjusted OI% +110 bps



Adjusted EBITDA% +130 bps



Q2 Revenue Performance

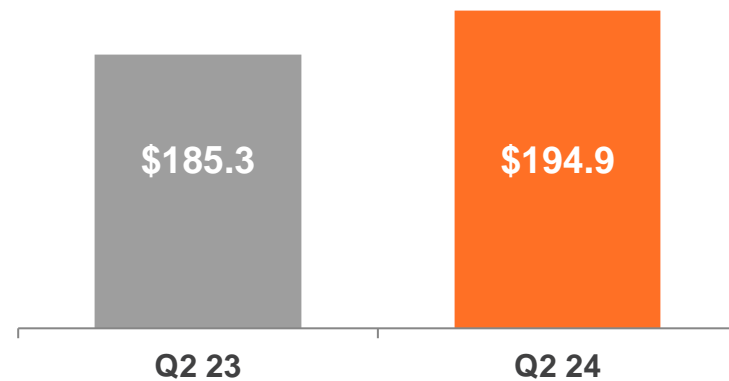
- Organic revenue growth of 5.7%
 - Non-residential increase mid-single digits
 - Residential increase low-single digits
- Q2 electronics low-single digit decline; Growth in the high thirties on 2-year stack
- Price realization of 3.0%; Volume growth of 2.7%

Q2 Adjusted Margin Performance

- Strong operational execution and volume leverage
- Price and productivity exceeded inflation and investments by \$11.2M

Q2-2024 Allegion International Results

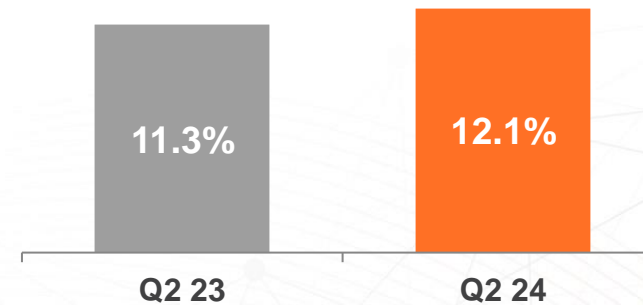
Revenue \$Millions +5.2%



Q2 Revenue Performance

- Organic revenue growth of 3.1% driven by electronics and software
- Price realization of 1.4%; Volume of 1.7%; Currency headwind of 1.1%; M&A tailwind of 3.2%

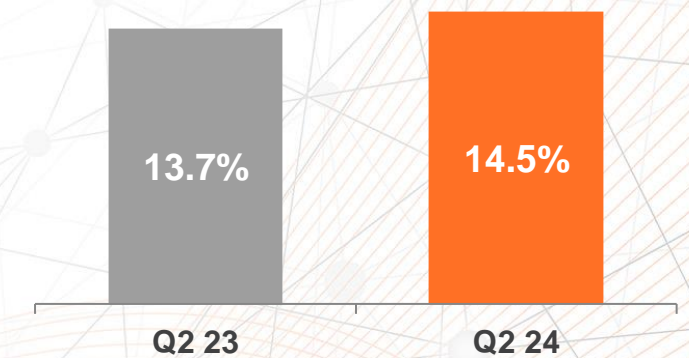
Adjusted OI% +80 bps



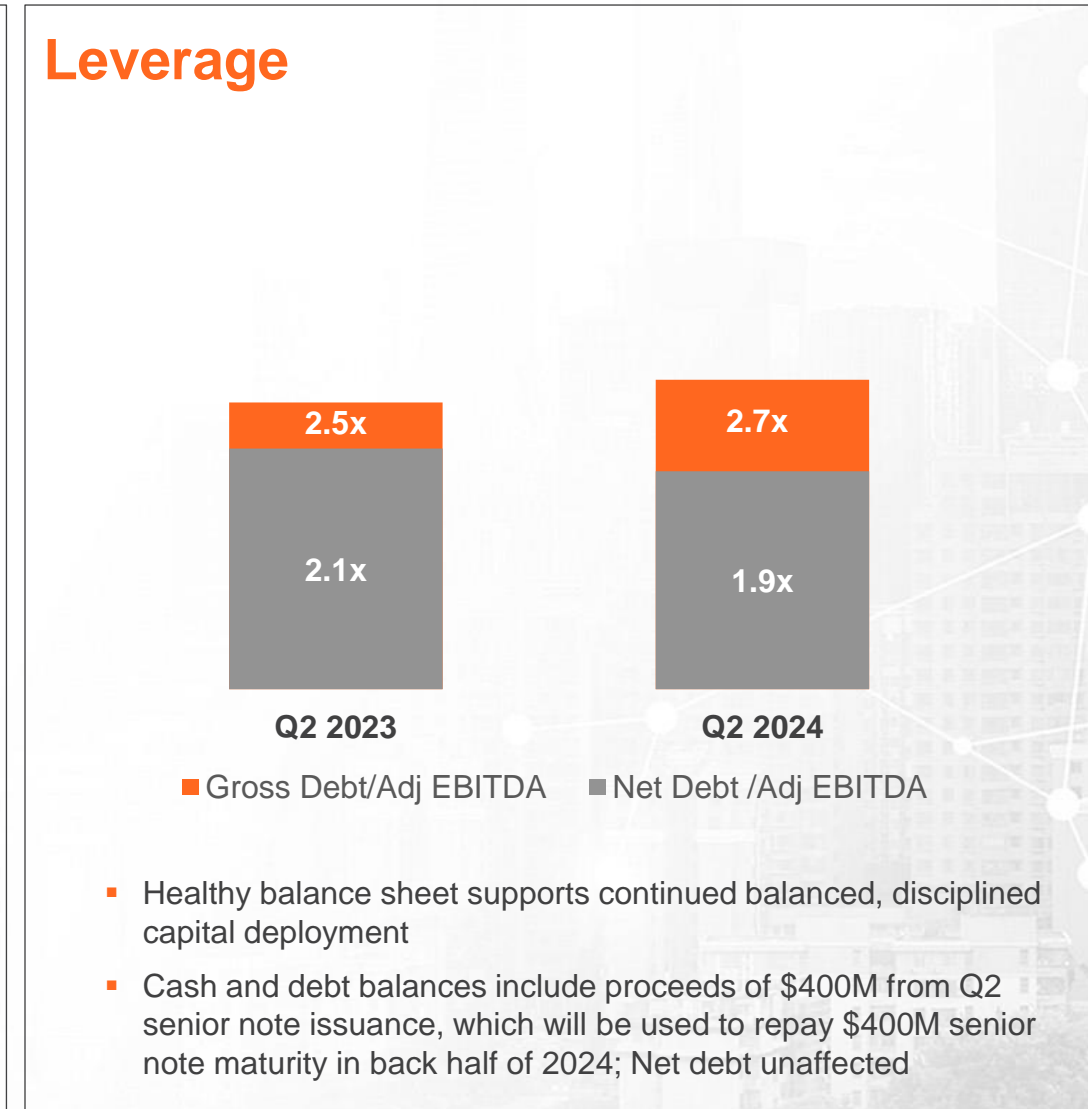
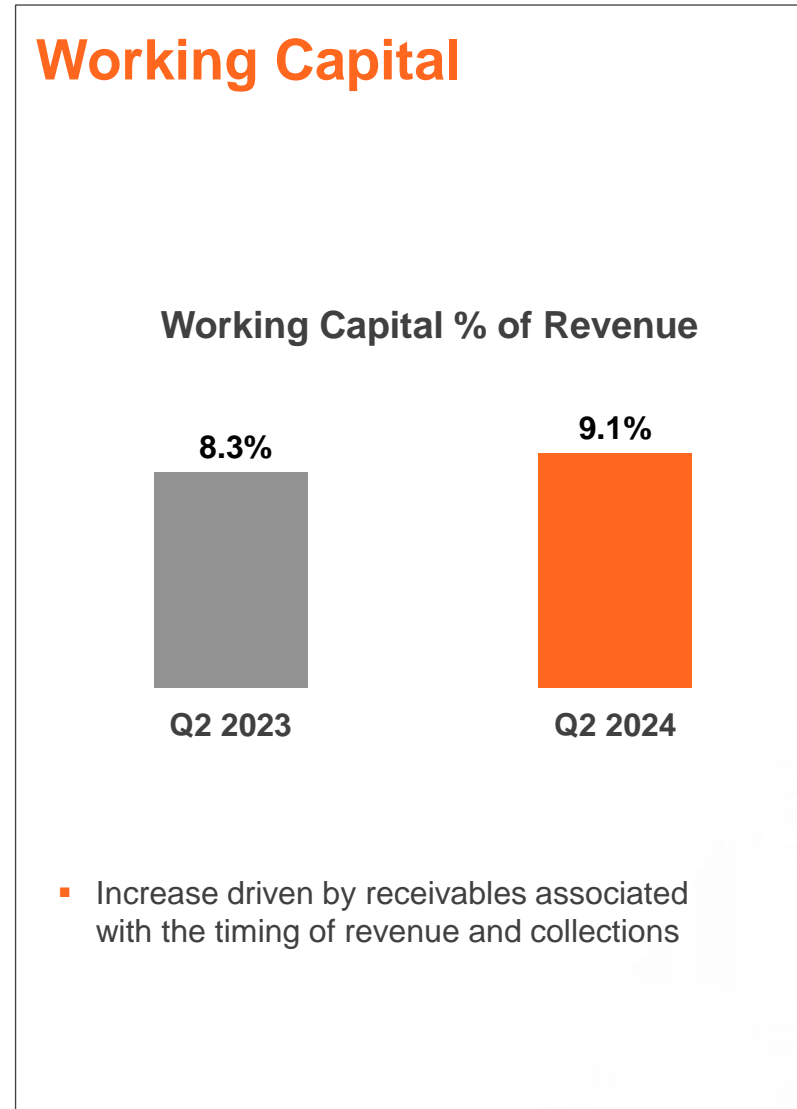
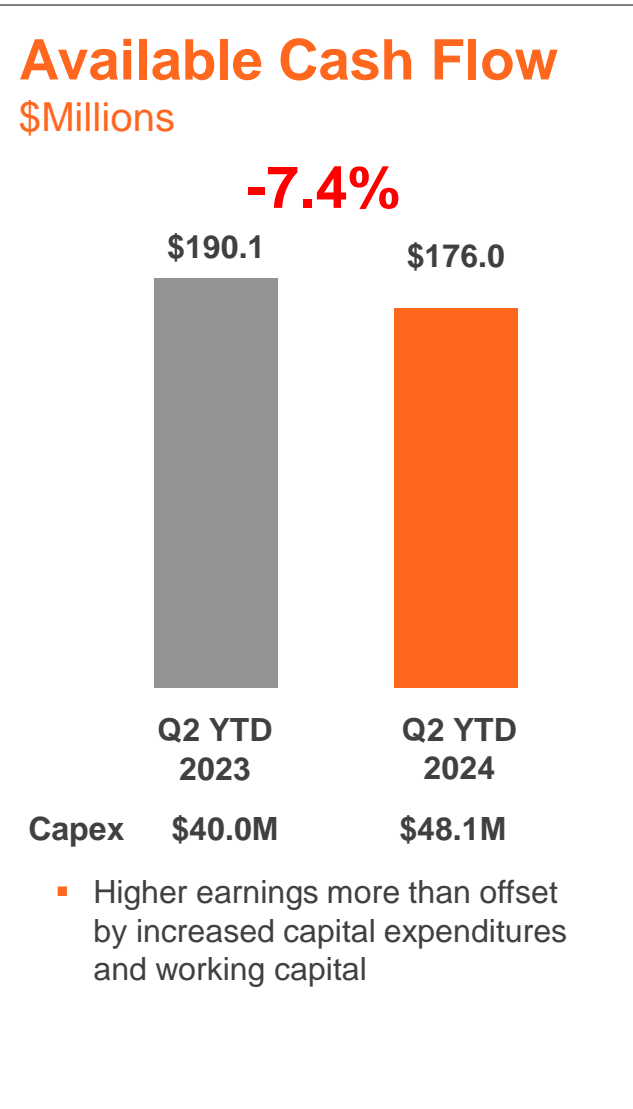
Q2 Adjusted Margin Performance

- Volume and favorable mix driving expansion
- Acquisitions accretive to margins
- Price, productivity, inflation, investment was a slight headwind

Adjusted EBITDA% +80 bps



Balance Sheet & Cash Flow



FY-2024 Outlook

Raising reported revenue and adjusted EPS outlook; Affirming ACF

	Prior Outlook	Current Outlook
Reported Revenue	Americas: 1.5% to 3.5% International: 1.5% to 3.5% Total: 1.5% to 3.5%	Americas: 2.5% to 3.5% International: 3% to 4% Total: 2.5% to 3.5%
Organic Revenue	Americas: 1.5% to 3.5% International: -1% to 1% Total: 1% to 3%	Americas: 2% to 3% International: 0.5% to 1.5% Total: 1.5% to 2.5%
Adjusted EPS	\$7.00 to \$7.15	\$7.15 to \$7.30
ACF	\$540M to \$570M	\$540M to \$570M

Resilient Business Model

Stable across cycles, boosted by secular electronics growth and capital deployment

Powerful Spec Engine

- Generates demand, pulls product through the channel
- Expertise across all end-user verticals
- Leveraging capability into acquisitions

Strong Execution

- Industry-leading margins; Durable through the cycle
- Multiple new product launches
- Gallup Exceptional Workplace Award winner

Broad End Market Coverage

- ~45% institutional in Americas
- Stable replacement demand
- Limited reliance on any one construction vertical or funding source

Balanced Capital Deployment

- ~\$280M deployed YTD
- Attractive returns with 2024 tuck-ins

Pioneering Safety™

Stable markets, strong execution

Resilient business model

Accelerating capital deployment

Raising full-year 2024 outlook



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Q&A

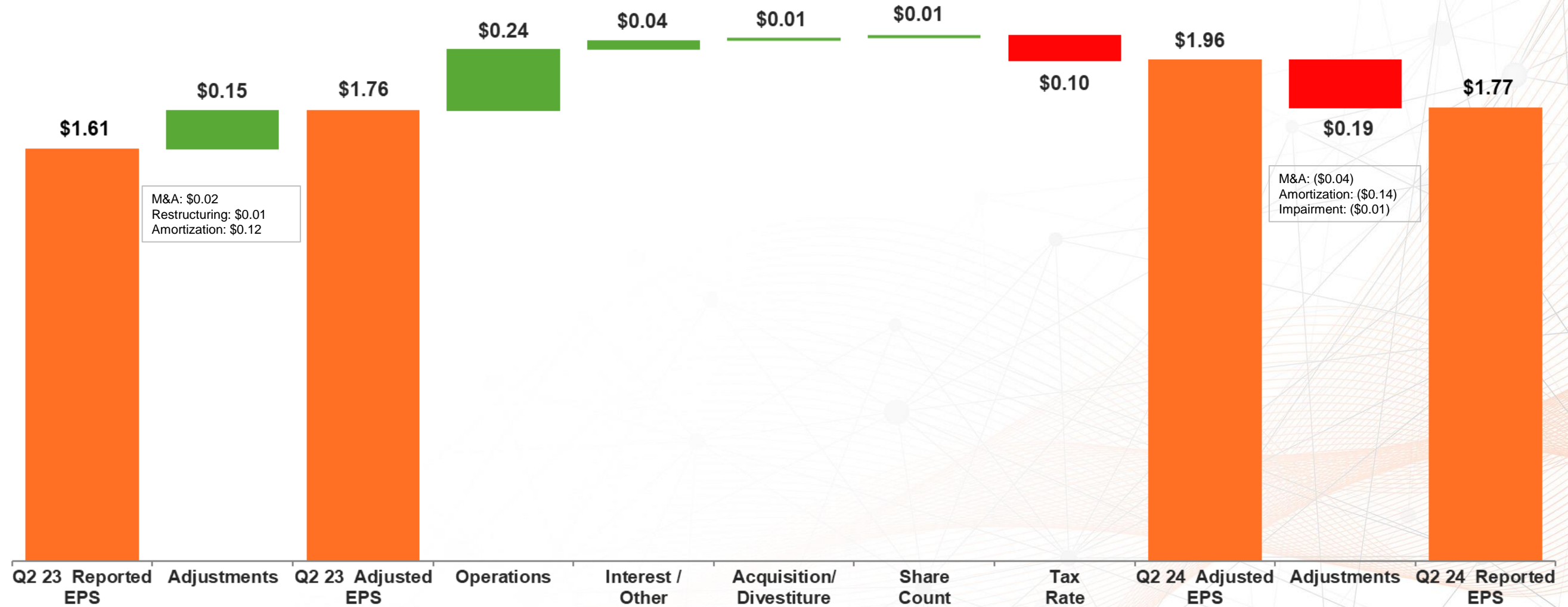


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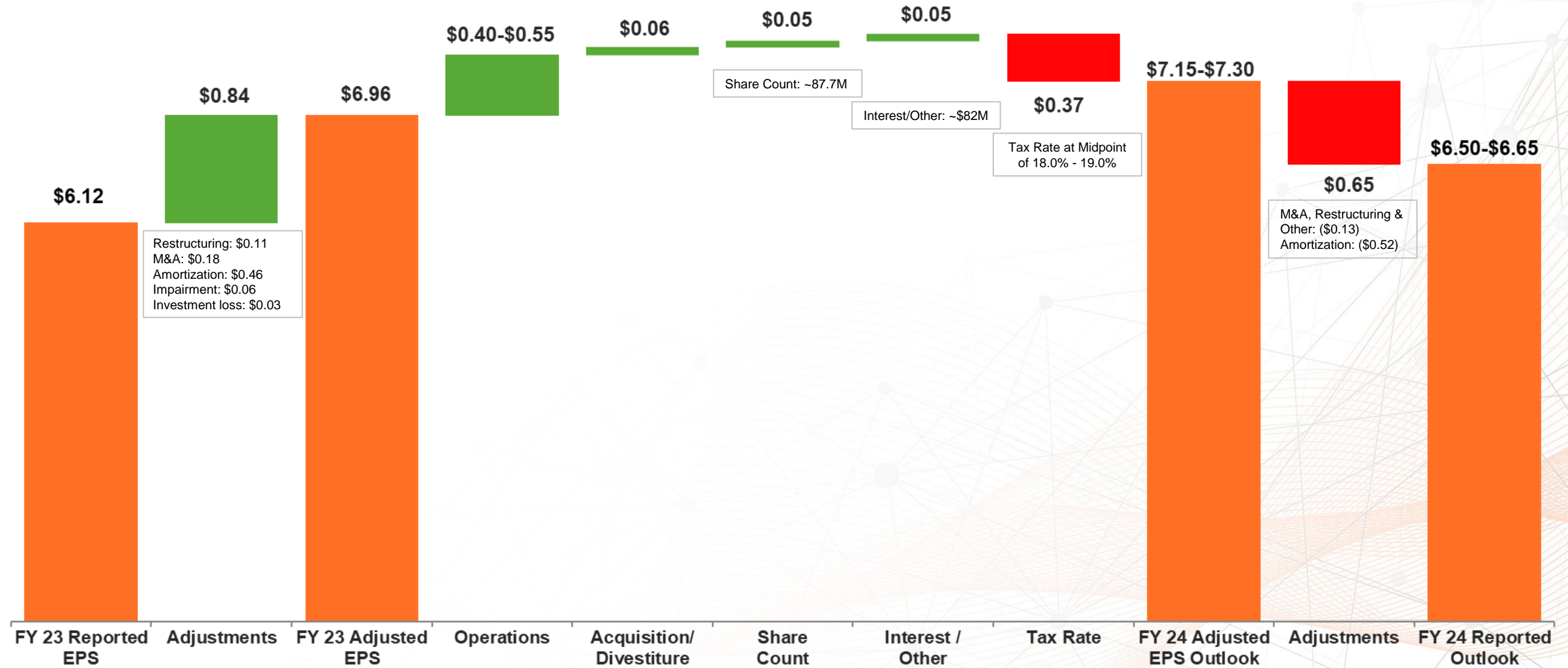
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Appendix

Q2-2024 Allegion EPS Performance



FY-2024 EPS Outlook Details



FY-2024 EPS Outlook Details

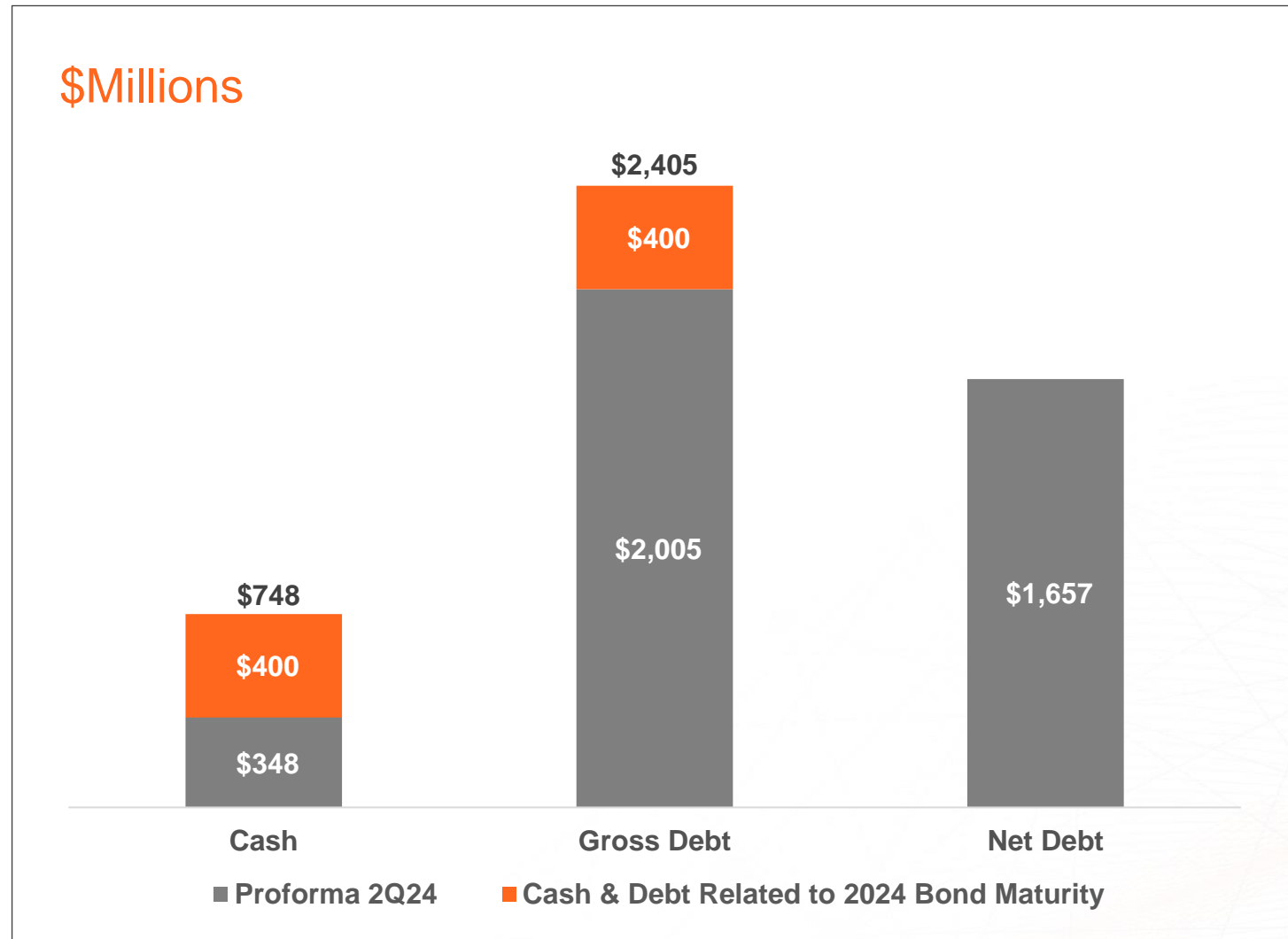
	Outlook at Feb '24 Earnings Call	Current Outlook
2023 Reported EPS	\$6.12	\$6.12
Acquired Intangible Asset Amortization ¹	\$0.46	\$0.46
Adjustments ²	\$0.38	\$0.38
2023 Adjusted EPS As Recasted	\$6.96	\$6.96
Operational Performance (incl. FX / Invest)	~\$0.35 to \$0.50	~\$0.40 to \$0.55
Acquisitions / Divestitures	~\$0.01	~\$0.06
Interest and Other Income/Expense	~\$0.03	~\$0.05
Share Count	~\$0.02	~\$0.05
Tax Rate (18%-19% adjusted tax rate)	~(\$0.37)	~(\$0.37)
2024 Adjusted EPS Outlook	7.00 to 7.15	7.15 to 7.30
Acquired Intangible Asset Amortization ¹	(\$0.46)	(\$0.52)
Adjustments ³	(\$0.09)	(\$0.13)
2024 Reported EPS Outlook	\$6.45 to \$6.60	\$6.50 to \$6.65

Notes:

- Capital deployment and operational performance driving higher outlook
- Full-year average diluted share count updated to ~87.7M
- Adjustment increase related to M&A activities

Raising adjusted EPS outlook to \$7.15 to \$7.30

Q2-2024 Proforma Cash & Debt for 2024 Bond Maturity



- Cash and debt balances include proceeds of \$400M from the May 2024 issuance of new 2034 senior notes, which will be used to repay the \$400M senior note maturity in the second half of 2024
- Net debt unaffected

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), 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, 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.



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