



ALLEGION™

PIONEERING SAFETY

Third-Quarter 2020

Financial Results

October 22, 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, June 30, 2020, and Sept. 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:

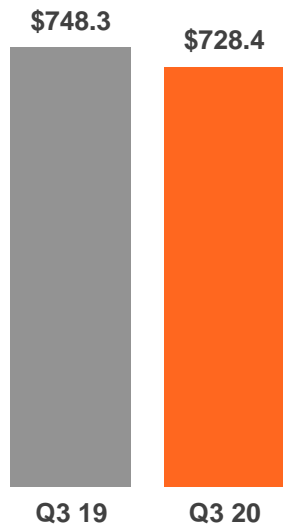
- Adjustments to operating income, operating margin, net earnings, EPS and EBITDA include items such as goodwill, indefinite-lived trade name, and other asset impairment charges, restructuring charges, acquisition and integration costs, debt refinancing costs and charges related to the divestiture of 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.

Third-Quarter 2020 Financial Summary

Revenue¹ \$Millions

-2.7%



- Organic revenue decline of 3.4%
- Lower volume due to continued economic challenges stemming from the COVID-19 pandemic
- Sequential quarterly improvement
- FX tailwinds

Adjusted OI Margin¹

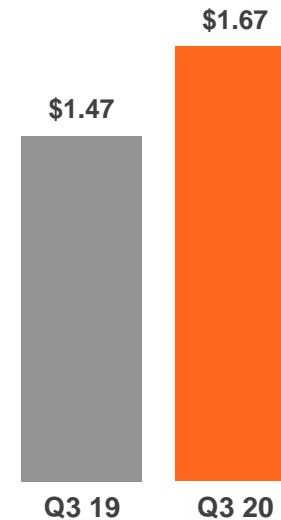
+20 bps



- Price and productivity more than offset inflation
- Active cost management mitigating deleverage from volume declines

Adjusted EPS¹

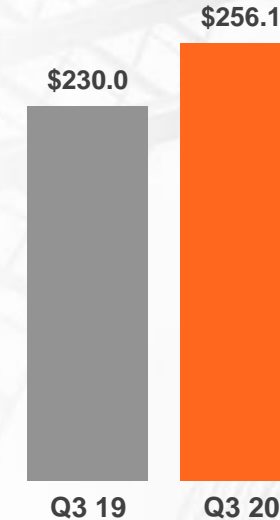
+13.6%



- Adjusted operating income down 2.1%
- Favorable other income, tax rate and share count offsetting the operating income decline

YTD ACF¹ \$Millions

+11.3%



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

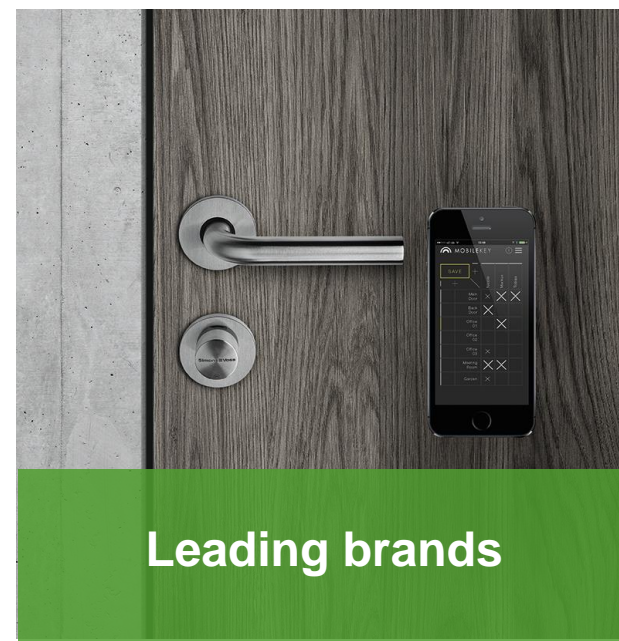
Seamless Access Opportunities Grow

Investments in our strategic vision remain our priority

- Opportunities for seamless and healthy access across all environments – home, work and communities
- New suite of mobile-enabled Schlage locks and readers – with wave-to-open actuators – are meeting post-COVID needs in commercial and institutional markets
- Schlage Encode continues to gain momentum, leading in the residential new construction and retail markets
- Gaining ground: SimonsVoss recognized in Germany as the leading electronic locking system manufacturer; Gainsborough's new Freestyle Electronic Trilock; Schlage Omnia fire-rated smart lock for ANZ
- Global accelerators: e-commerce, touchless access trends, increased visitor management and occupancy monitoring needs



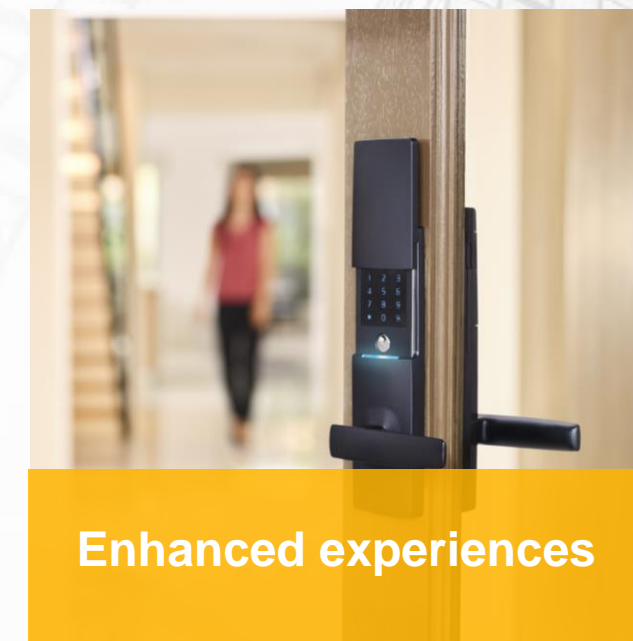
Award-winning solutions



Leading brands

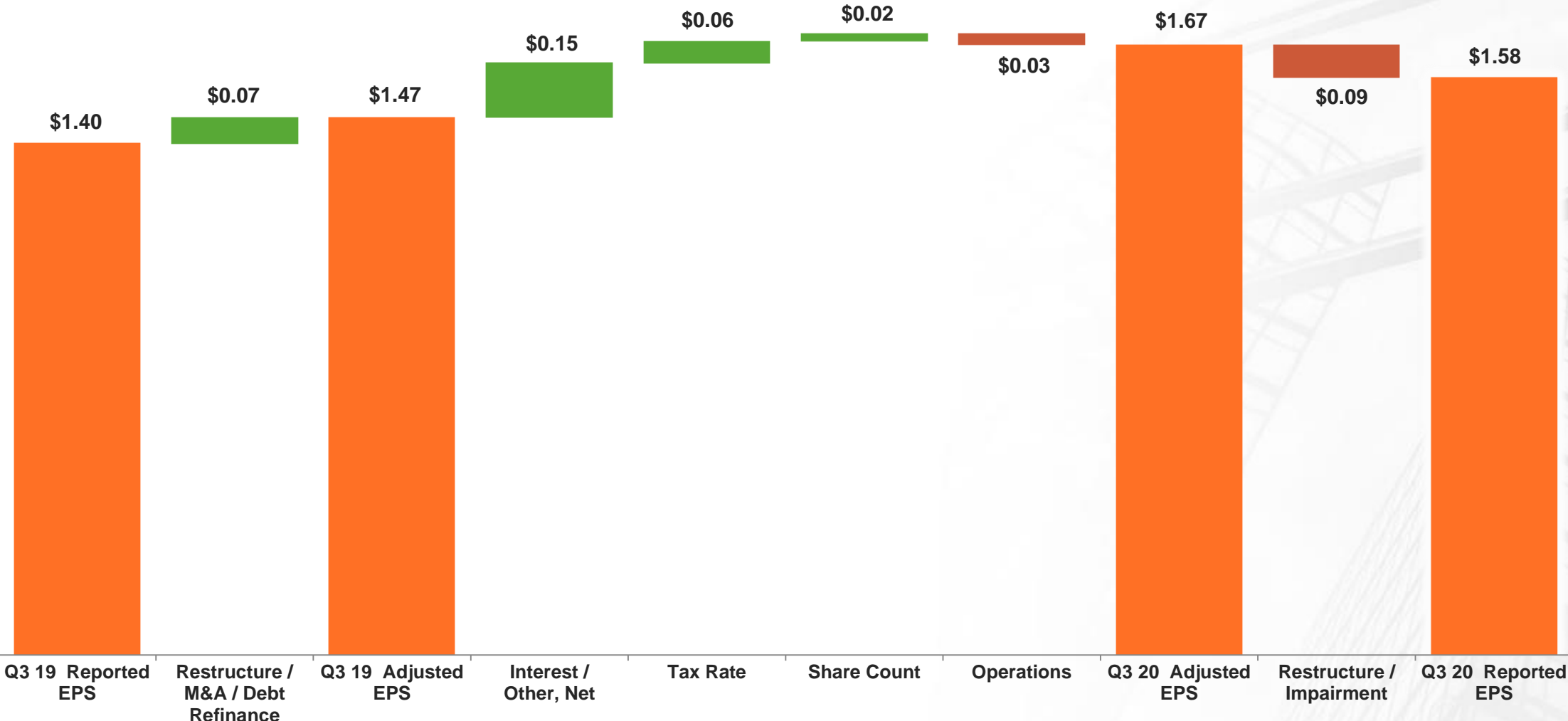


Digital innovation

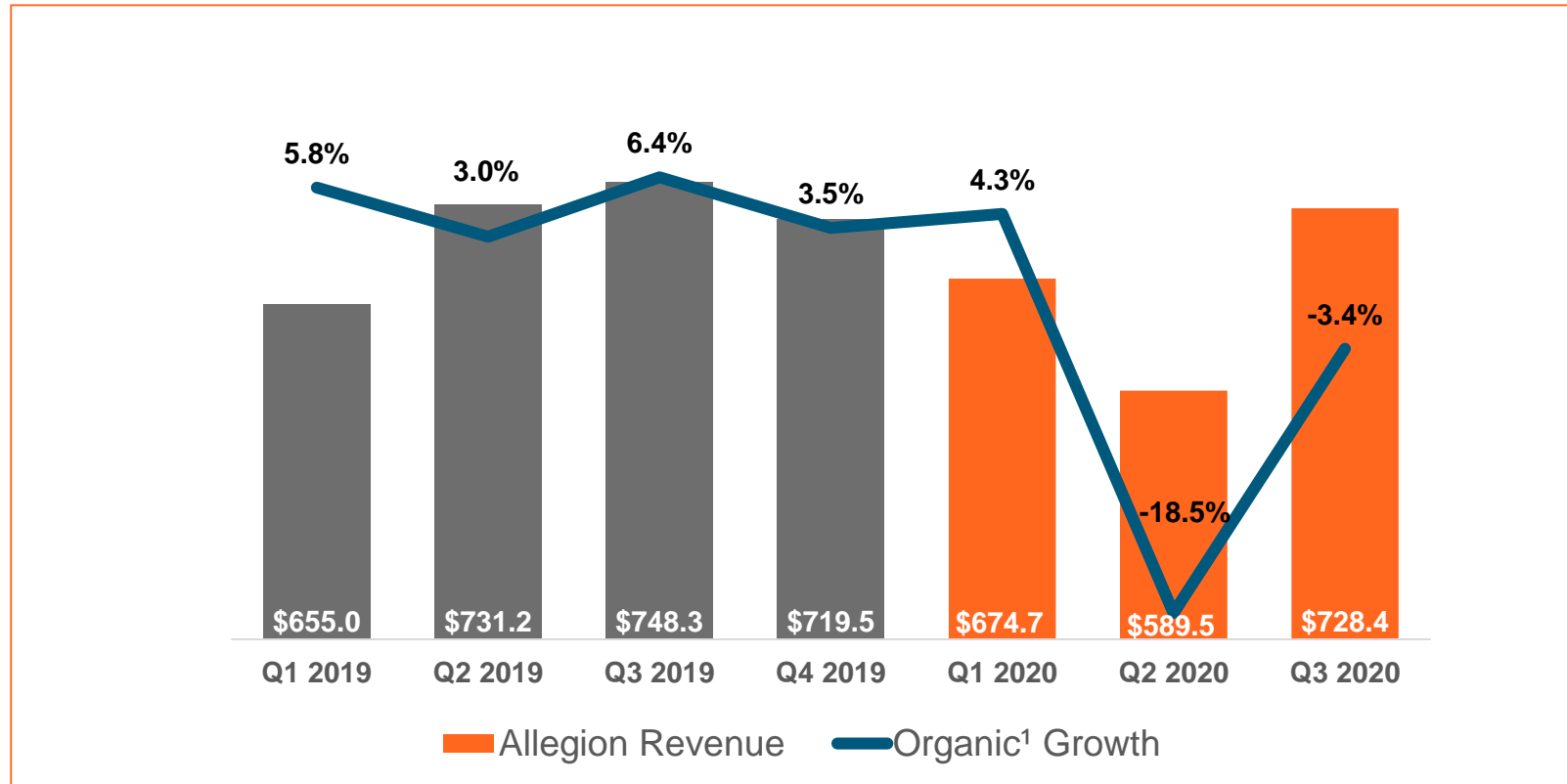


Enhanced experiences

Third-Quarter 2020 Allegion EPS Performance



Third-Quarter 2020 Revenue Results

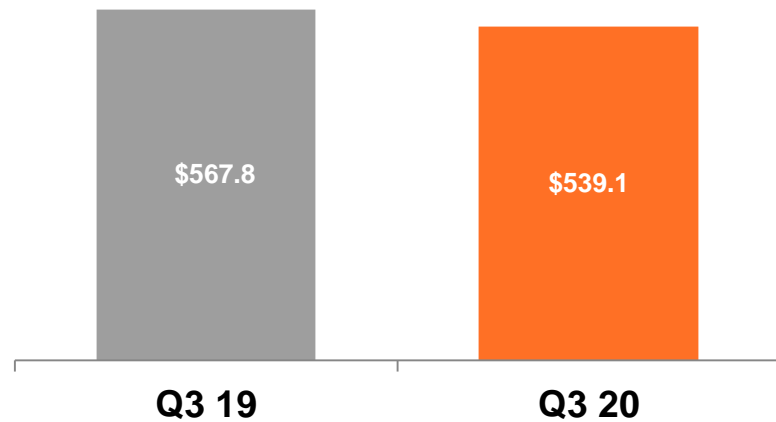


	<u>Q3'20</u> <u>Reported</u> <u>Growth</u>	<u>Q3'20</u> <u>Organic¹</u> <u>Growth</u>
Americas	-5.1%	-4.6%
EMEA	7.7%	2.9%
Asia Pacific	-4.2%	-6.8%
Total Allegion	-2.7%	-3.4%

Q3 2020					
<u>Price</u>	<u>Volume</u>	<u>Organic¹</u>	<u>Divestitures</u>	<u>Currency</u>	<u>Total</u>
0.8%	-4.2%	-3.4%	-0.3%	1.0%	-2.7%

Third-Quarter 2020 Americas Results

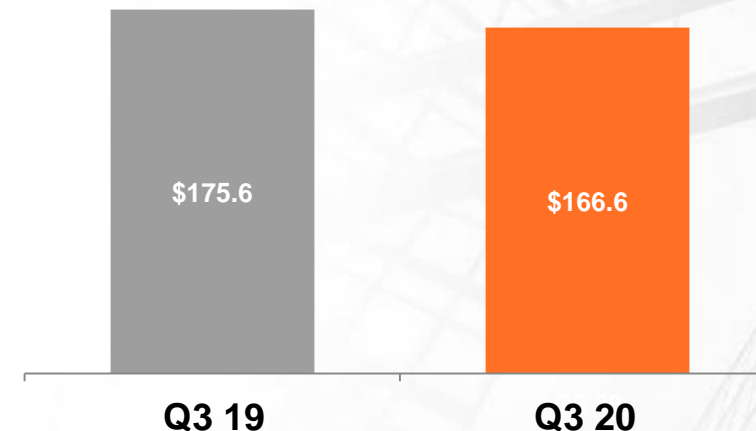
Revenue¹ \$Millions -5.1%



Q3 Revenue Performance

- Organic revenue decline of 4.6%
- Good price realization
- Non-residential business down low double digits; Residential business up low double digits
- Year-over-year electronics declined mid-single digits as discretionary projects are delayed

Adjusted Operating Income¹ \$Millions -5.1%



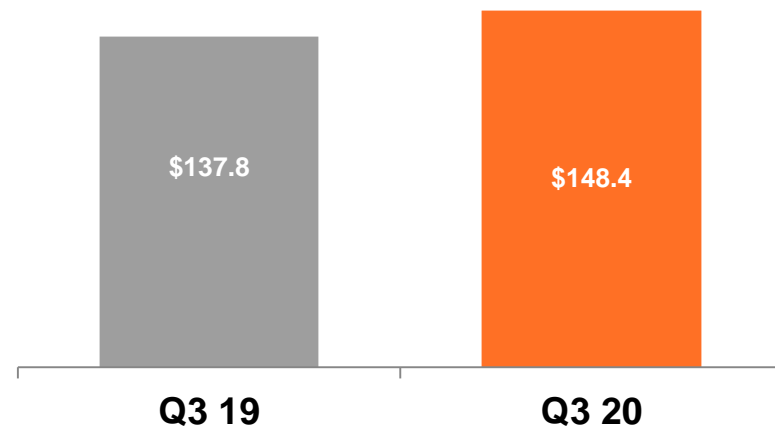
	Q3 19	Q3 20
Adj OP Margin	30.9%	30.9%
Adj EBITDA %	32.4%	32.5%

Q3 Adjusted Operating Margin flat to prior year

- Flat year-over-year margin despite lower non-residential volume
- Positive price, productivity, inflation dynamic
- Discretionary cost actions, restructuring benefits and material deflation mitigating impacts of volume decline

Third-Quarter 2020 EMEA Results

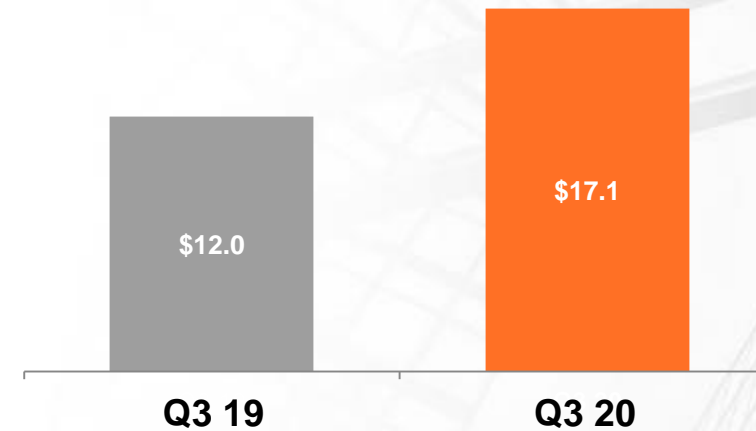
Revenue¹ \$Millions +7.7%



Q3 Revenue Performance

- Organic revenue growth of 2.9%
- Organic growth driven by strength in Global Portable Security and SimonsVoss businesses
- Solid price realization
- Currency tailwinds

Adjusted Operating Income¹ \$Millions +42.5%



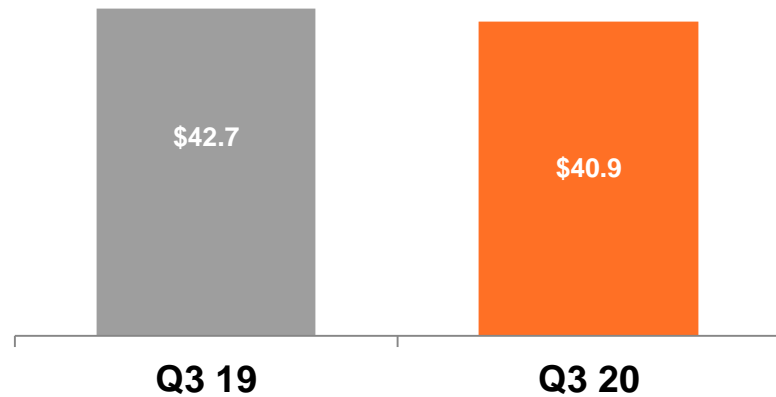
	Q3 19	Q3 20
Adj OP Margin	8.7%	11.5%
Adj EBITDA %	14.7%	17.3%

Q3 Adjusted Operating Margin +280 bps

- Positive price, productivity, inflation dynamic
- Favorable currency impacts

Third-Quarter 2020 Asia-Pacific Results

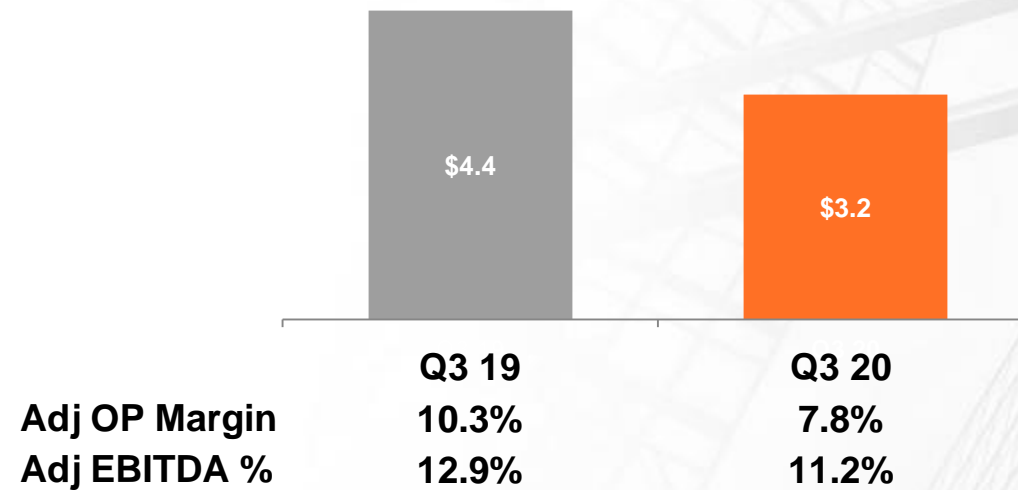
Revenue¹ \$Millions -4.2%



Q3 Revenue Performance

- Organic revenue decline of 6.8%
- Solid performance in Australia despite poor markets
- Continued COVID-19 impacts, as well as weakness in Korea

Adjusted Operating Income¹ \$Millions -27.3%



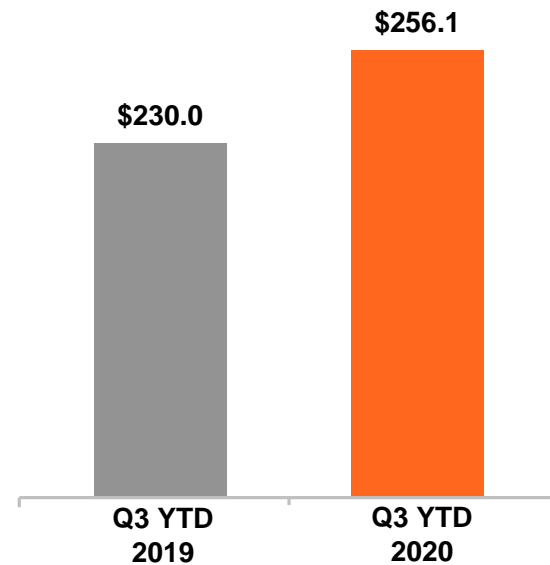
Q3 Adjusted Operating Margin -250 bps

- Volume de-leverage and unfavorable mix contributing to margin decline
- Positive price, productivity, inflation dynamic
- Prior year includes a \$1.1M favorable one-time item, which did not repeat (260-bps benefit on prior year margin)

Year-to-Date 2020 Allegion ACF

Strong cash generation; Liquidity stable

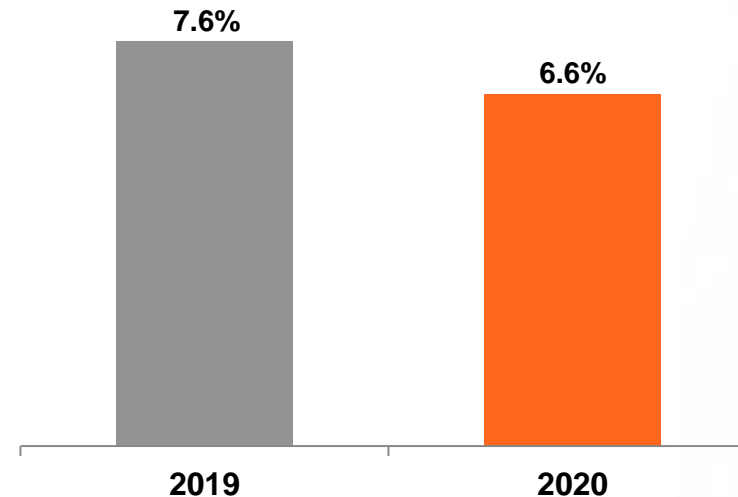
Available Cash Flow¹ \$Millions



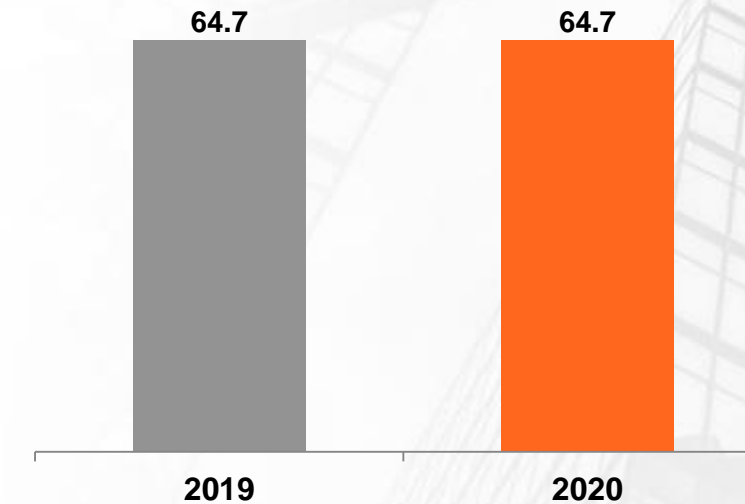
- Increase in ACF driven by improvements in working capital and lower capital expenditures offsetting lower net earnings

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

Working Capital % of Revenue



Cash Conversion Cycle



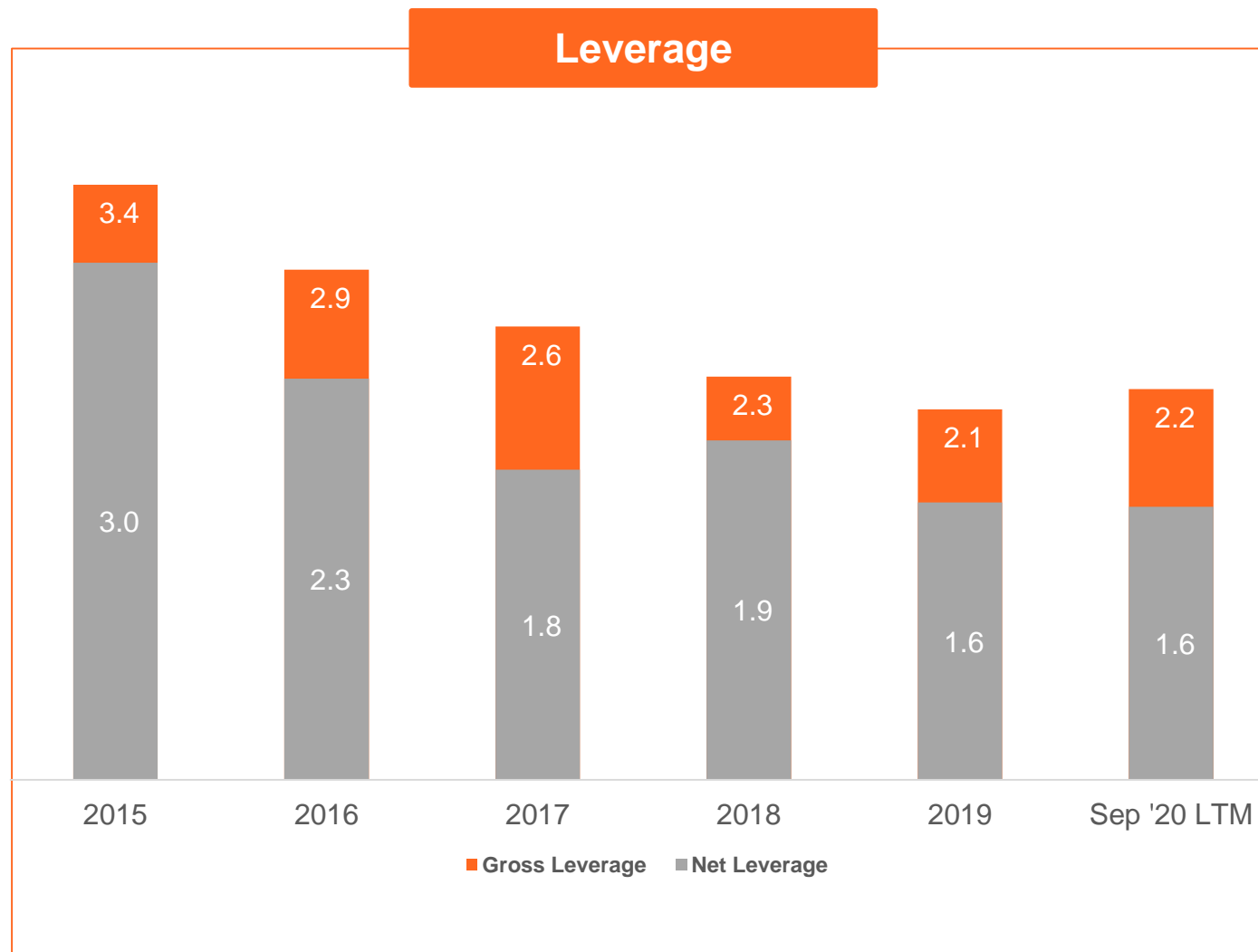
¹ Net cash from operating activities less capital expenditures

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

Solid Balance Sheet / Capital Structure



- Untapped \$500 million credit facility
- Debt covenants are well within limits; No near-term debt maturities
- Quarterly dividend increase of 18.5% through Q3; Sixth consecutive year of annual dividend increases
- Focused on efficient and effective capital deployment – balanced and flexible

Full-Year 2020 Outlook

		<u>FY Outlook</u>	<u>Prior FY Outlook</u>
Total	Americas	-6.5% to -6%	-9% to -8%
Organic	Americas	-6% to -5.5%	-8.5% to -7.5%
Total	EMEA	-5.5% to -4.5%	-11% to -10%
Organic	EMEA	-7.5% to -6.5%	-10% to -9%
Total	AP	-13.5% to -12.5%	-16% to -14%
Organic	AP	-13% to -12%	-12.5% to -10.5%
Total	Allegion	-6.5% to -6%	-10% to -9%
Organic	Allegion	-6.5% to -6%	-9% to -8%

	<u>FY Outlook</u>	<u>Prior FY Outlook</u>
2020 Reported EPS	\$3.40 to \$3.50	\$2.70 to \$2.95
Adjustments ¹	\$1.30 to \$1.35	\$1.35 to \$1.45
2020 Adjusted EPS	\$4.75 to \$4.80	\$4.15 to \$4.30

Assumptions and Notes:

- Full-year adjusted effective tax rate assumption of approximately 13%
- Average diluted share count for the full year of approximately 93 million shares
- Full-year available cash flow estimated to be \$400-\$420 million

Third-Quarter 2020 Summary



- Q3 revenue decline of 2.7%; Organic revenue¹ decline of 3.4%
- Q3 adjusted operating margin¹ of 23.3%; Up 20 bps vs prior year
- Adjusted Q3 EPS¹ of \$1.67 or +13.6% growth vs prior year
- Improving full-year revenue outlook
 - Total and organic revenue decline of 6% to 6.5%
- Raising full-year EPS outlook
 - Reported EPS of \$3.40 to \$3.50
 - Adjusted EPS¹ of \$4.75 to \$4.80
- Raising available cash flow¹ outlook to \$400-\$420 million

Strong execution in difficult markets



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.

© 2020 Allegion plc. All rights reserved. AD SYSTEMS, API, AUSTRAL LOCK, AXA, BRICARD, BRIO, BRITON, CISA, DEXTER, FALCON, FSH, GAINSBOROUGH, GLYNN-JOHNSON, INTERFLEX, ISONAS, IVES, KRYPTONITE, LCN, LOCKNETICS, MILRE, NORMBAU, QMI, REPUBLIC, SCHLAGE, SIMONSSVOSS, STEELCRAFT, TGP, TRELOCK, VON DUPRIN, and ZERO are the property of Allegion plc. or its respective subsidiaries. All other brand names, product names or trademarks are the property of their respective owners.