



ALLEGION™

PIONEERING SAFETY

Third-Quarter 2022

Financial Results

October 27, 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, June 30, 2022, and Sept. 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.

Business Review

Market / Demand

Strength in Allegion Americas non-residential markets – leading indicators still positive; Allegion Americas residential and Allegion International continue softening

Revenue

Strong operational performance driving record revenue

Supply Chain / Electronics

Continuous improvement on mechanical supply chain; Electronics backlogs still elevated, reflecting strong demand

Price vs Cost

Another strong quarter for price realization; Price, productivity, inflation dynamic positive on dollar and margin basis

Currency

Allegion International results continue to be negatively affected by currency impacts

Access Technologies Update

Together, we are leveraging **synergies** to drive **greater value** for employees, customers and shareholders

- Seamless access enhancement
- Recurring services
- Complementary product portfolio



Third-Quarter 2022 Financial Summary

Revenue¹ \$Millions

+27.4%



- Organic revenue growth of 18.6%
- Significant price realization of 12.6%
- Access Technologies (“AT”) ~12% of total growth
- Currency impact -3.6%

Adjusted OI Margin¹

+100 bps



ex-AT	Q3 21	Q3 22
	20.0%	22.4%

- Price, productivity, inflation dynamic positive \$25M dollars (90-bps benefit to margins)
- Operating margin dilution of -140 bps due to AT acquisition
- Strong volume leverage driving remainder of margin expansion

Adjusted EBITDA Margin¹

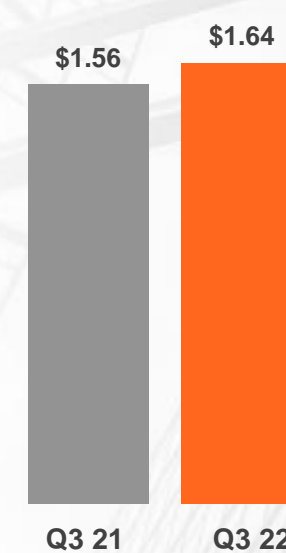
+100 bps



ex-AT	Q3 21	Q3 22
	22.6%	24.6%

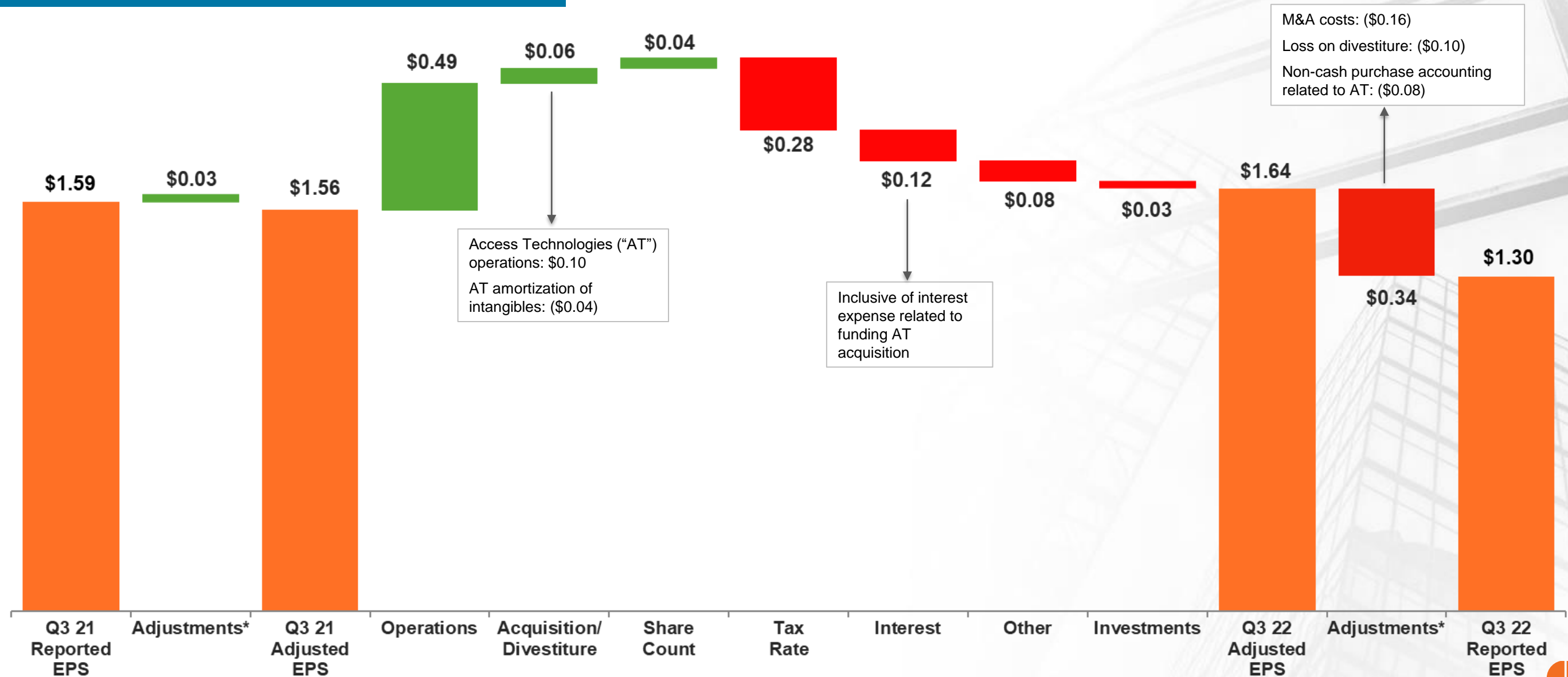
Adjusted EPS¹

+5.1%



- Strong operations (31.4%) partially offset by unfavorable interest, other income and tax
- Tax was a \$0.28 headwind due to prior-year nonrecurring tax benefits

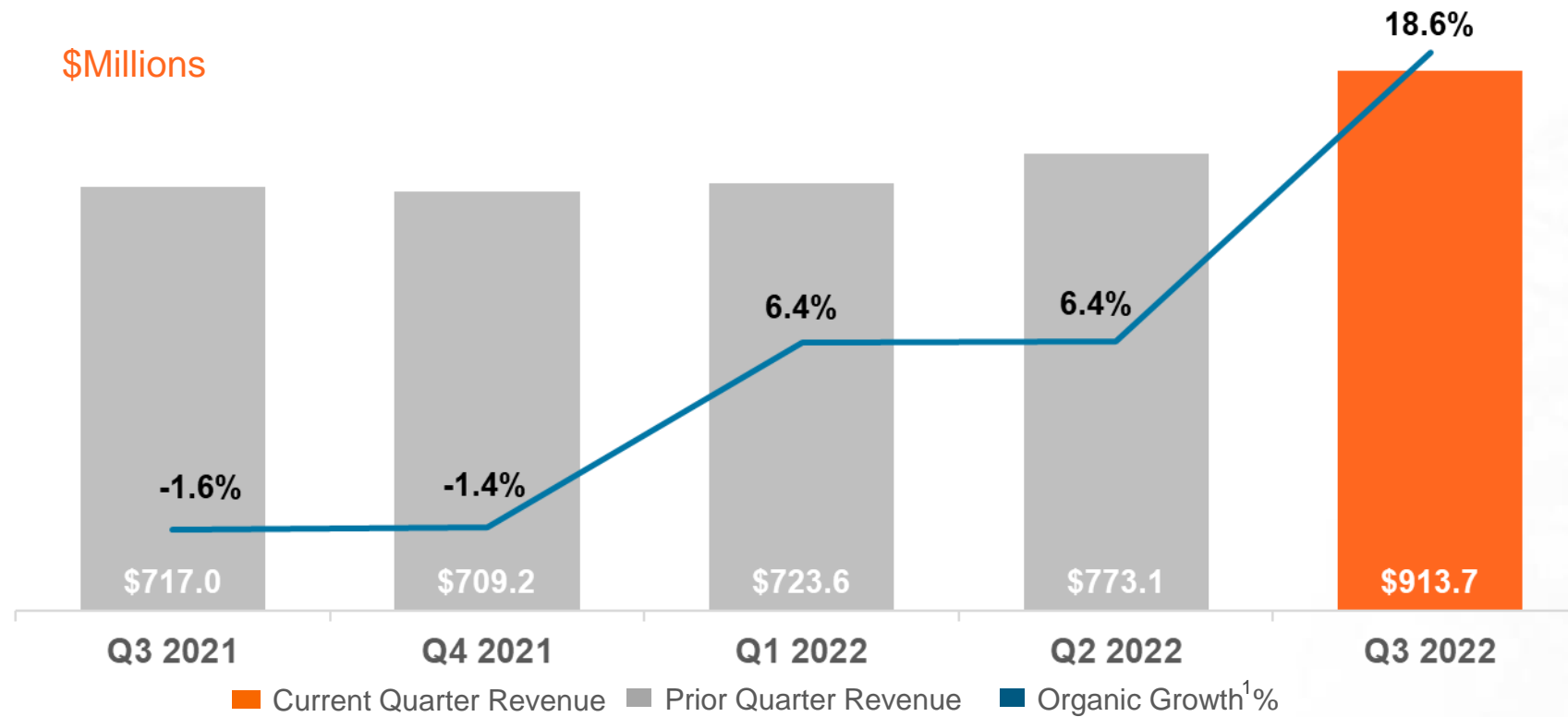
Third-Quarter 2022 Allegion EPS Performance



* Adjustments to EPS in 2021 and 2022 include restructuring charges, acquisition and integration costs, amortization expense related to acquired backlog revenue and a fair value of inventory step-up, debt financing costs, gains and losses related to the sale of businesses and equity method investments, and non-operating investment gains and losses

See press release for non-GAAP reconciliations

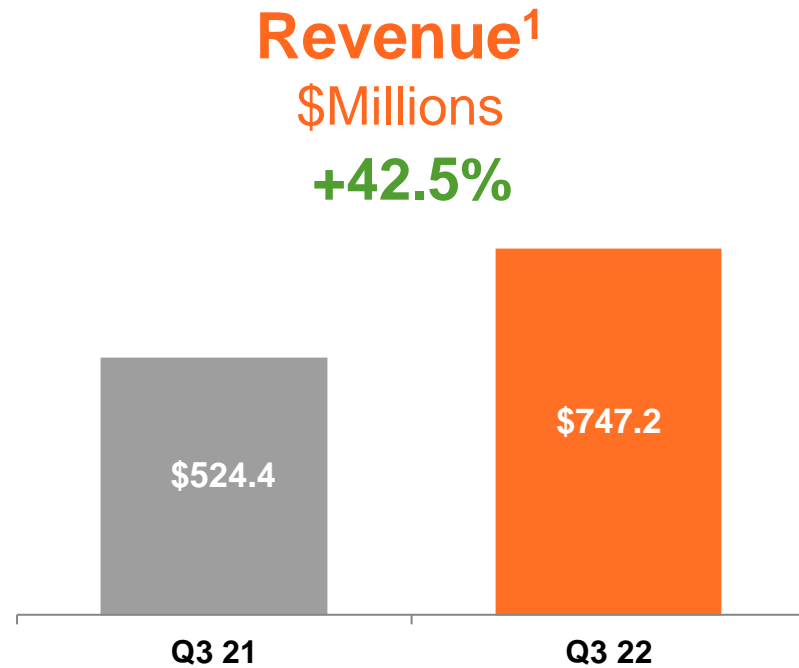
Third-Quarter 2022 Revenue Results



	Q3 2022 Reported Growth	Q3 2022 Organic ¹ Growth
Americas	42.5%	25.8%
International	-13.6%	-0.8%
Total Allegion	27.4%	18.6%

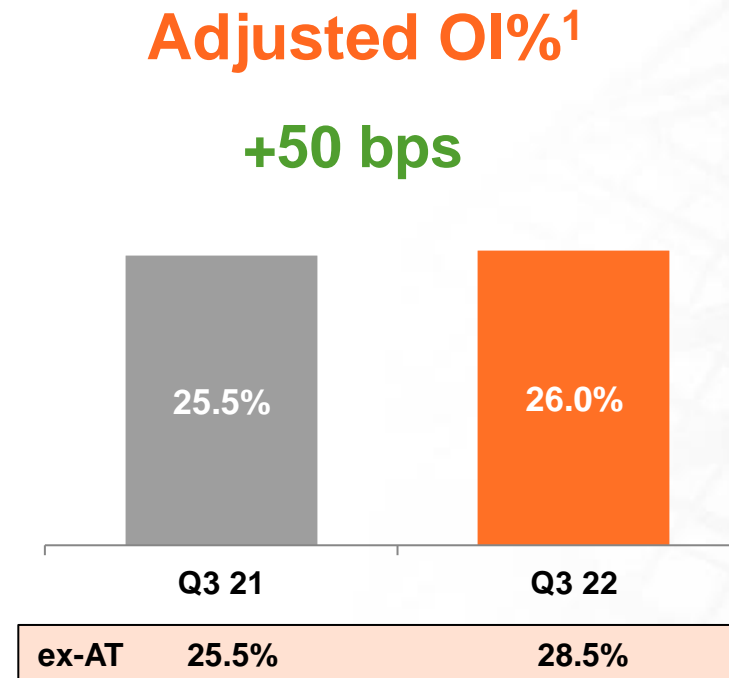
Q3 2022					
<u>Price</u>	<u>Volume</u>	<u>Organic¹</u>	<u>Acq/Div</u>	<u>Currency</u>	<u>Total</u>
12.6%	6.0%	+18.6%	12.4%	-3.6%	+27.4%

Third-Quarter 2022 Allegion Americas Results



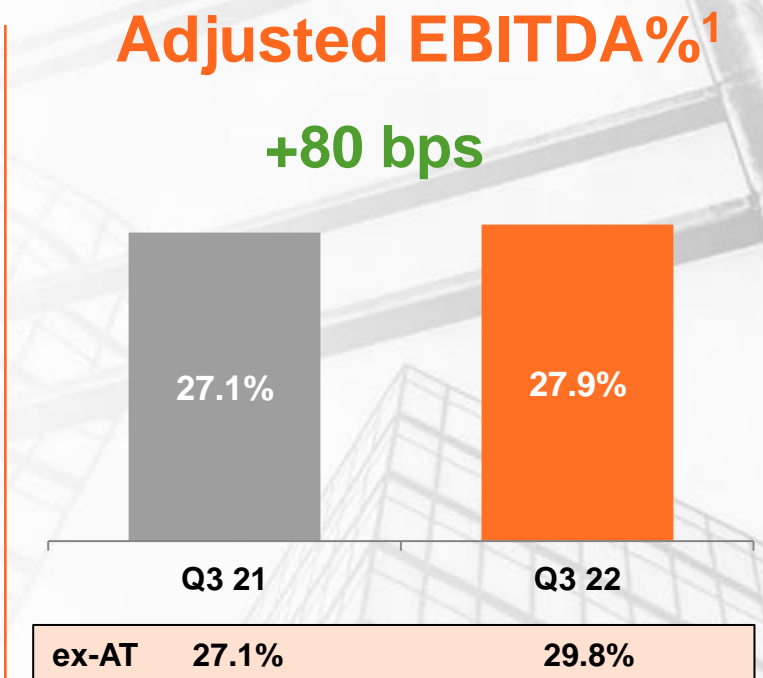
Q3 Revenue Performance

- Organic revenue growth of 25.8%
- Access Technologies (“AT”) acquisition contributed mid-teens to total growth
- Non-residential growth of ~30% and mid-teens for residential
- Electronics growth of ~30%



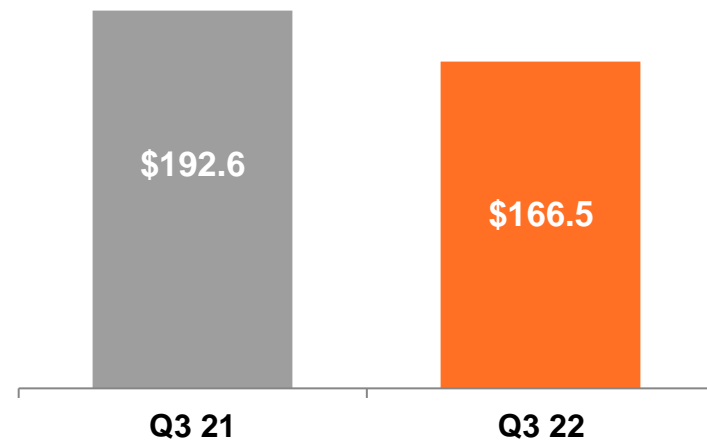
Q3 Adjusted Margin Performance

- Price, productivity, inflation dynamic positive \$24.2M dollars (80-bps benefit to margins)
- AT dilutive to operating margins 250 bps
- Legacy business (ex-AT) margins up 300 bps



Third-Quarter 2022 Allegion International Results

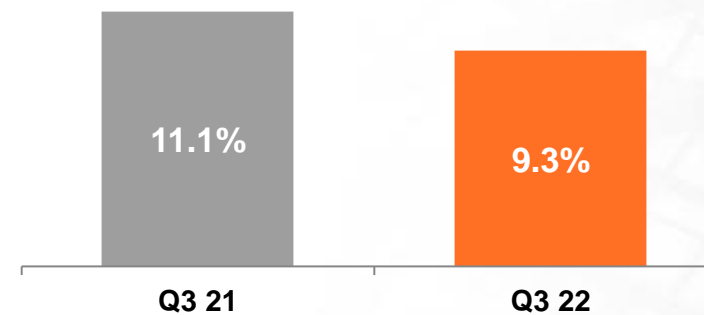
Revenue¹ \$Millions -13.6%



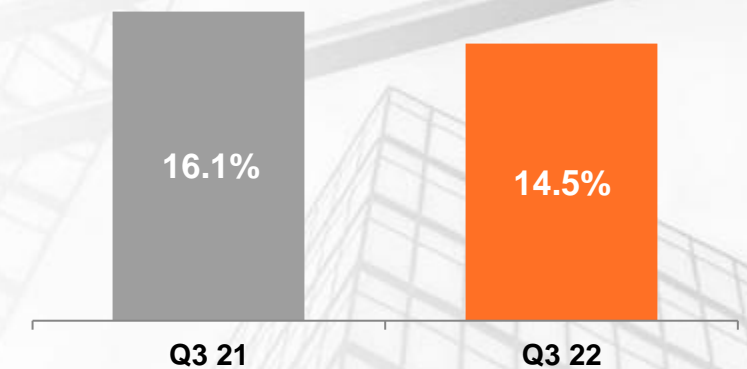
Q3 Revenue Performance

- Organic revenue decline of 0.8%
- Currency headwinds of 12.8%
- Price realization of 6.9%
- Broader markets softening with stability in electronics demand

Adjusted OI%¹ -180 bps



Adjusted EBITDA%¹ -160 bps



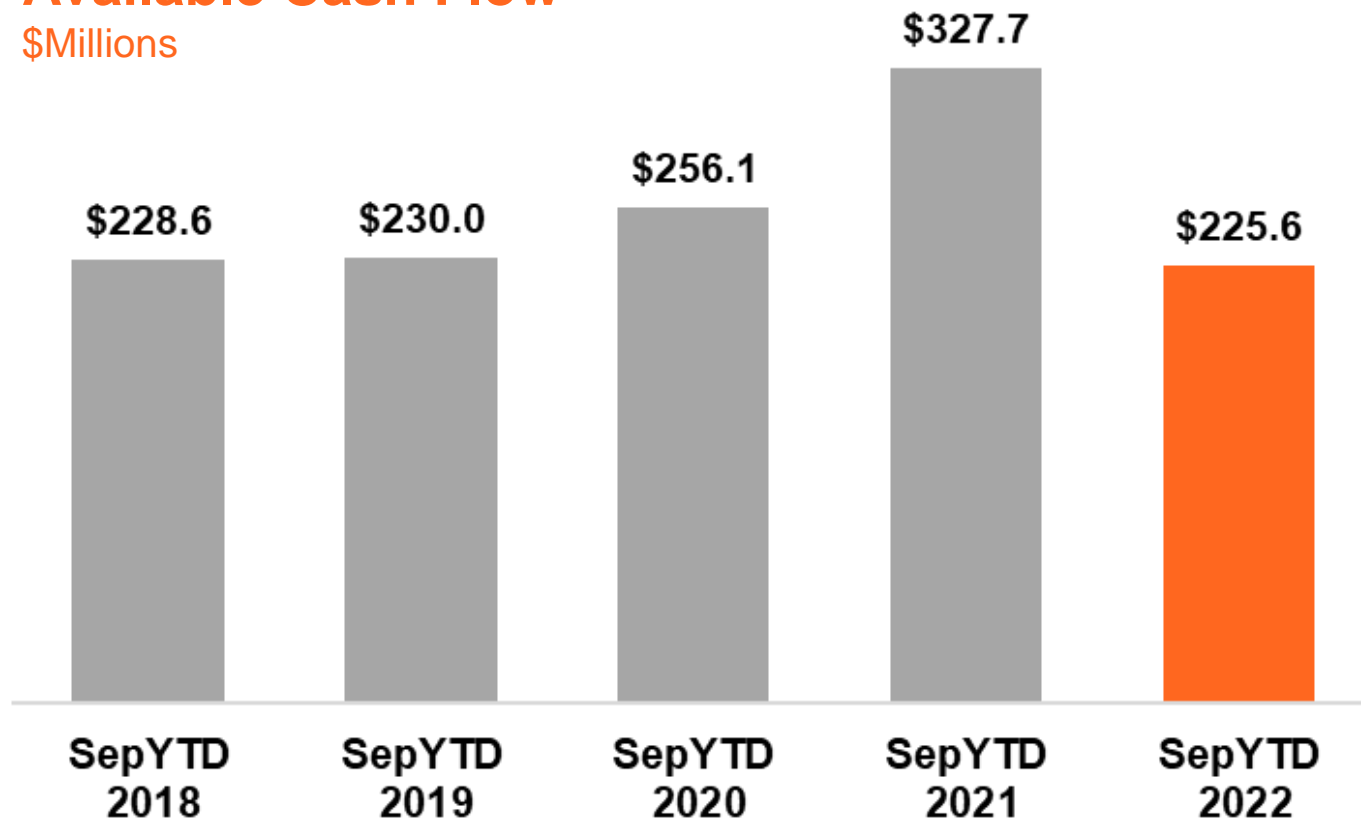
Q3 Adjusted Margin Performance

- Reduced volume (-260-bps impact to margins)
- Price, productivity, inflation dynamic positive (300-bps benefit to margins)
- Continued FX pressure (-180-bps impact to margins)

2022 Allegion ACF & Debt

Available Cash Flow¹

\$Millions



Notes:

- Available cash flow in line with pre-pandemic levels
- Revolver borrowings outstanding \$199M (down ~\$140M from initial draw)
- Strong debt structure (80% fixed / 20% variable)
- Deleveraging post-acquisition as expected – current net leverage ratio of 2.9x

Full-year ACF outlook unchanged at \$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:	22.5% to 23.5%	Reported:	-11.5% to -10.5%	Reported:	13% to 14%
	FX:	~0%	FX:	~(11%)	FX:	~(3%)
	Acq/Div:	~9%	Acq/Div:	~0%	Acq/Div:	~6.5%
	Organic:	13.5% to 14.5%	Organic:	-0.5% to 0.5%	Organic:	9.5% to 10.5%

2022 Revenue Outlook - Prior

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%

Affirming reported growth of 13% to 14%; Increasing organic growth to 9.5% to 10.5%

Full-Year 2022 EPS Outlook

EPS Reconciliation – Current Outlook	
2021 Reported EPS	\$5.34
Adjustments ¹	~(\$0.15)
2021 Adjusted EPS	\$5.19
Operational / FX	~\$0.85 to \$0.95
Investments	~(\$0.17)
Tax Rate	~(\$0.38)
Interest / Other / Share Count	~(\$0.04)
Access Technologies Acquisition	~(\$0.05)
2022 Adjusted EPS	\$5.40 to \$5.50
Adjustments ²	~(\$0.50)
2022 Reported EPS	\$4.90 to \$5.00

EPS Reconciliation – Prior Outlook	
2021 Reported EPS	\$5.34
Adjustments ¹	~(\$0.15)
2021 Adjusted EPS	\$5.19
Operational / FX	~\$0.85 to \$0.95
Investments	~(\$0.20)
Tax Rate	~(\$0.35)
Interest / Other / Share Count	~(\$0.04)
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

Access Technologies (“AT”)			
Current Outlook		Prior Outlook	
Operational	~\$0.20	Operational	~\$0.20
Intangible Amort	~(\$0.08)	Intangible Amort	~(\$0.13)
Interest Exp	~(\$0.17)	Interest Exp	~(\$0.17)
Adj. EPS Impact	~(\$0.05)	Adj. EPS Impact	~(\$0.10)

Notes:

- Full-year adjusted effective tax rate of ~13.5%
- Full-year average diluted share count of ~88.3 million
- Available cash flow outlook of \$420-\$440 million
- \$0.05 per share lower AT amortization
- Increase in adjustments driven by loss on recent divestiture and non-cash purchase accounting for AT

Strong operational performance

¹ 2021 adjustments include costs related to restructuring, M&A, debt refinancing, 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, amortization expense related to acquired backlog revenue and a fair value of inventory step-up, debt financing, and non-operating investment gains / losses

See press release for non-GAAP reconciliations

Summary



- Outstanding performance
- Access Technologies off to a great start
- Global supply chain improving
- Continued strength in Allegion Americas non-residential end markets and global electronics demand



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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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