



# Q4-2024 Earnings Call

February 18, 2025



# 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 FY-2025 Outlook, FY-2025 EPS Outlook Details 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](http://www.allegion.com).

# Solid Execution, Primed for Growth

**MSD revenue growth in Q4**

**Solid 2024 margin expansion & cash flow**

**>\$500M of capital deployment**



# 2024 Capital Allocation

## Invest for Organic Growth



Schlage XE360™ Series



Schlage's new suite of Indication Trims



Von Duprin 70 Series Exit Devices



Schlage Encode™ Family



## Acquisitions

**\$137M**

FY 2024



## Dividend

**\$167M**

FY 2024

## Share Repurchase

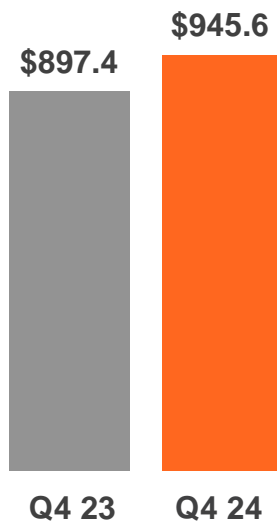
**\$220M**

FY 2024

# Q4-2024 Financial Summary

## Revenue \$Millions

**5.4%**



- Organic growth of 3.5%, led by the Americas
- Acquisitions of 2.0%; Currency headwind of 0.1%

## Adjusted OI Margin

**+10 bps**



- Price, productivity, inflation, investment headwind of \$8M in Q4; FY +\$44.5M
- Volume leverage and regional mix driving margin expansion

## Adjusted EBITDA Margin

**+10 bps**



## Adjusted EPS

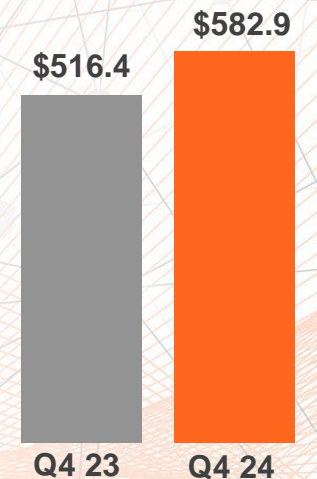
**+10.7%**



- Operations delivered \$0.07 of adjusted EPS growth
- \$0.03 net contribution from interest / other, acquisitions and share repurchase
- \$0.08 tailwind from tax

## ACF YTD \$Millions

**+12.9%**

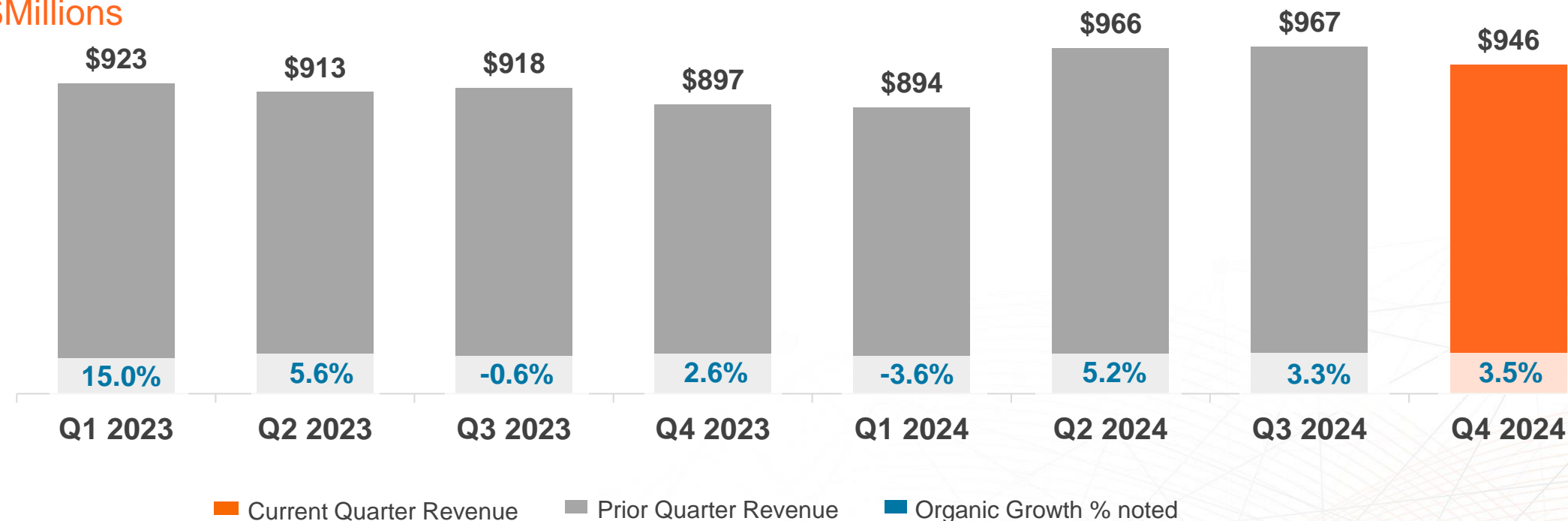


- Higher earnings and improved working capital management, partially offset by increased capital expenditures



# Q4-2024 Revenue Results

\$Millions

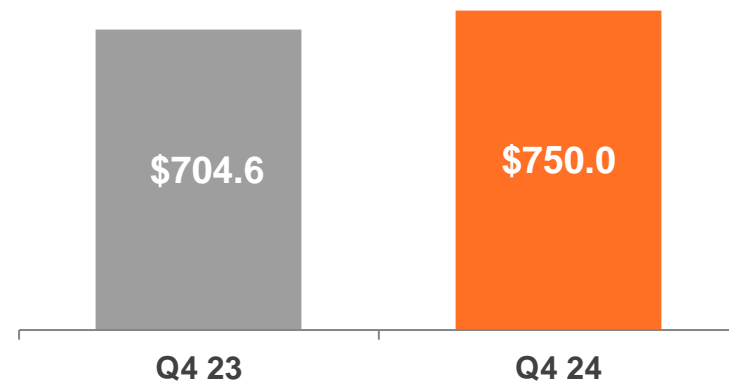


	<u>Price</u>	<u>Volume</u>	<u>Organic</u>	<u>Acq/Div</u>	<u>Currency</u>	<u>Total</u>
<b>Q4</b>	0.6%	2.9%	<b>+3.5%</b>	2.0%	-0.1%	<b>+5.4%</b>
<b>YTD</b>	2.4%	-0.3%	<b>+2.1%</b>	1.3%	-0.1%	<b>+3.3%</b>

	Reported	Organic
<b>Americas</b>		
Q4	6.4%	4.6%
Q4 YTD	3.4%	2.5%
<b>International</b>		
Q4	1.5%	-0.7%
Q4 YTD	3.1%	0.4%

# Q4-2024 Allegion Americas Results

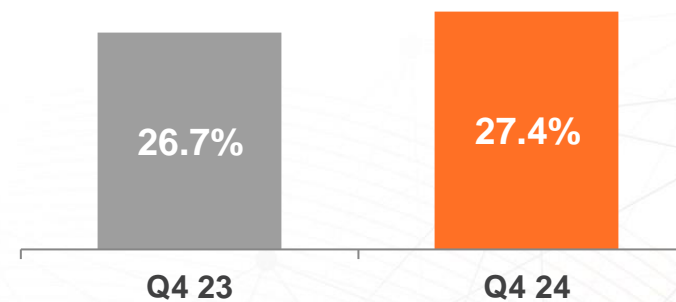
## Revenue \$Millions +6.4%



### Q4 Revenue Performance

- Organic revenue growth of 4.6%
  - Non-residential increase mid-single digits
  - Residential increase high-single digits
- Q4 electronics low-single digit growth
- Price realization of 0.4%; Volume growth of 4.2%; Acquisitions of 1.9%; Currency headwind of 0.1%

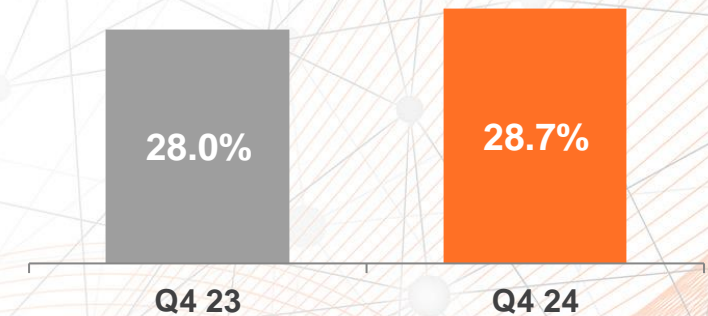
## Adjusted OI% +70 bps



### Q4 Adjusted Margin Performance

- Price, productivity, inflation, investment headwind of \$5.5M in Q4; FY +\$46.4M
- Volume leverage and accretive acquisitions driving margin expansion

## Adjusted EBITDA% +70 bps

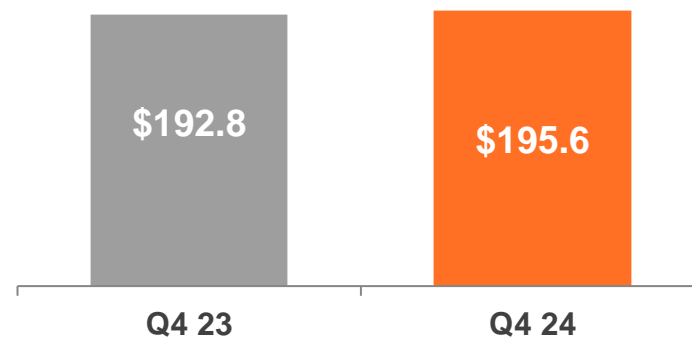


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# Q4-2024 Allegion International Results

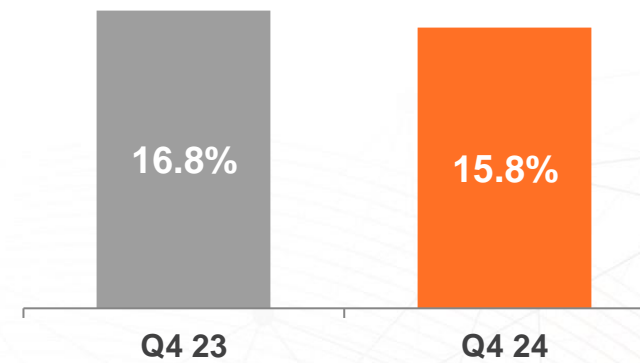
## Revenue \$Millions +1.5%



### Q4 Revenue Performance

- Organic revenue decline of 0.7%
- Price realization of 1.2%; Volume decline 1.9%; Acquisitions tailwind of 2.4%; Currency headwind of 0.2%
- Exited China operations; China was a headwind of 1.3% to segment organic growth in the quarter

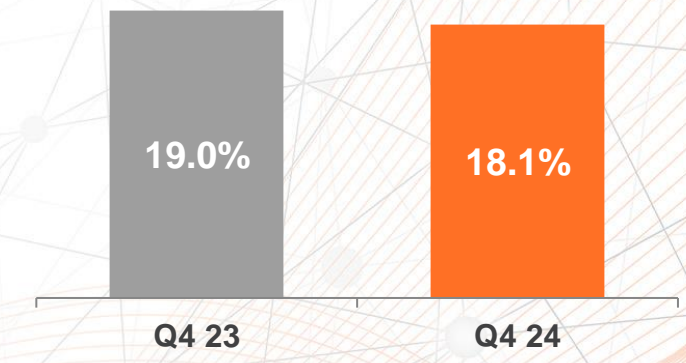
## Adjusted OI% -100 bps



### Q4 Adjusted Margin Performance

- Price and productivity exceeded inflation and investment by \$0.6M in Q4; FY +\$1.8M
- Margin declines on reduced volumes

## Adjusted EBITDA% -90 bps



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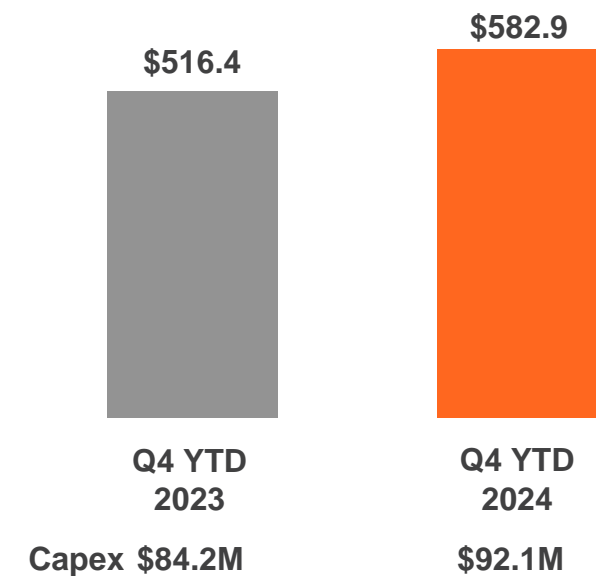


# Balance Sheet & Cash Flow

## Available Cash Flow

\$Millions

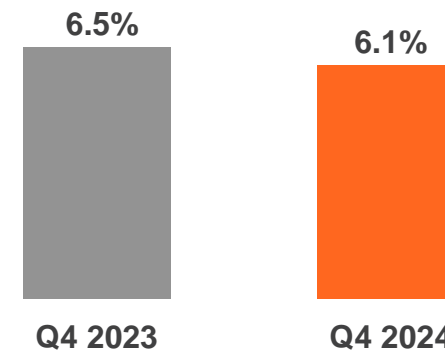
**+12.9%**



- Higher earnings and improved working capital management, partially offset by increased capital expenditures

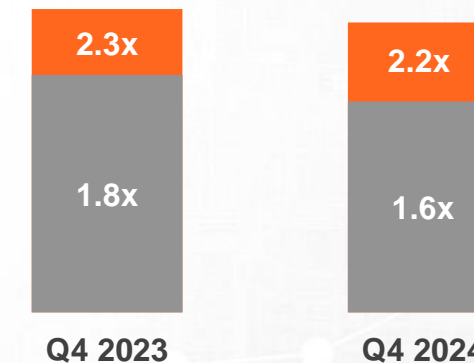
## Working Capital

% of Revenue



- Working capital improvement driven by higher inventory turns and lower DSO

## Leverage



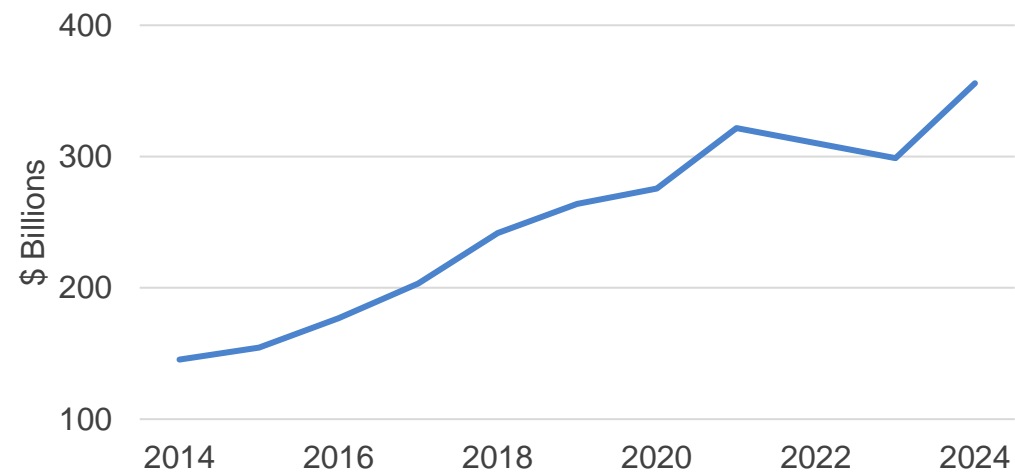
- Healthy balance sheet supports continued balanced, disciplined capital deployment



# Institutional Markets Review

## Strong Funding Activity

US New Municipal Bond Issuance



- Robust bond issuance in 2024 followed historical election cycle trends, +19% YOY
- Supports multiple years of activity

## Stable Demand Indicators

Dodge Institutional SF Starts (TTM)



- Planning activity remains stable, indicative of growth in 2025
- Key institutional verticals: K-12, higher ed., healthcare



# FY-2025 Outlook

	Current Outlook		Other Items
Total Company Revenue	<u>Reported:</u> 1.0% to 3.0%	<u>Organic:</u> 1.5% to 3.5%	
Segment Revenue	<u>Americas:</u> +LSD/MSD ~+1% ~(0.5%)	<u>International:</u> ~Flat ~+1% ~(4.5%)	
EPS	<u>Reported:</u> \$7.05 - \$7.25	<u>Adjusted:</u> \$7.65 - \$7.85	
ACF	85% - 90% of Adj Net Income		



# Pioneering Safety™

**Solid execution, primed for growth**

**Resilient business model**

**Accelerating capital deployment**





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# Q&A





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# Appendix



# Q4-2024 Allegion EPS Performance





# FY-2024 Financial Summary

## Revenue \$Millions

**+3.3%**

\$3,650.8    \$3,772.2



- Organic growth of 2.1%, led by the Americas
- Acquisitions of 1.3%

## Adjusted OI Margin

**+70 bps**

22.1%    22.8%



- Price and productivity exceeded inflation and investment by \$44.5M

## Adjusted EBITDA Margin

**+90 bps**

23.5%    24.4%



## Adjusted EPS

**+8.2%**

\$6.96    \$7.53

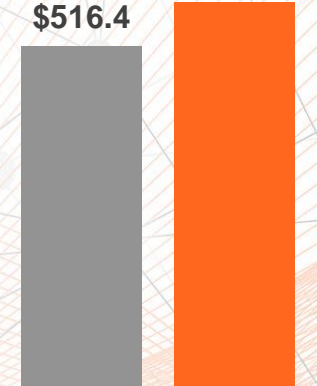


- Operations delivered \$0.44 of adjusted EPS growth
- \$0.23 contribution from interest / other, acquisitions and share repurchase
- \$0.10 headwind from tax

## ACF YTD \$Millions

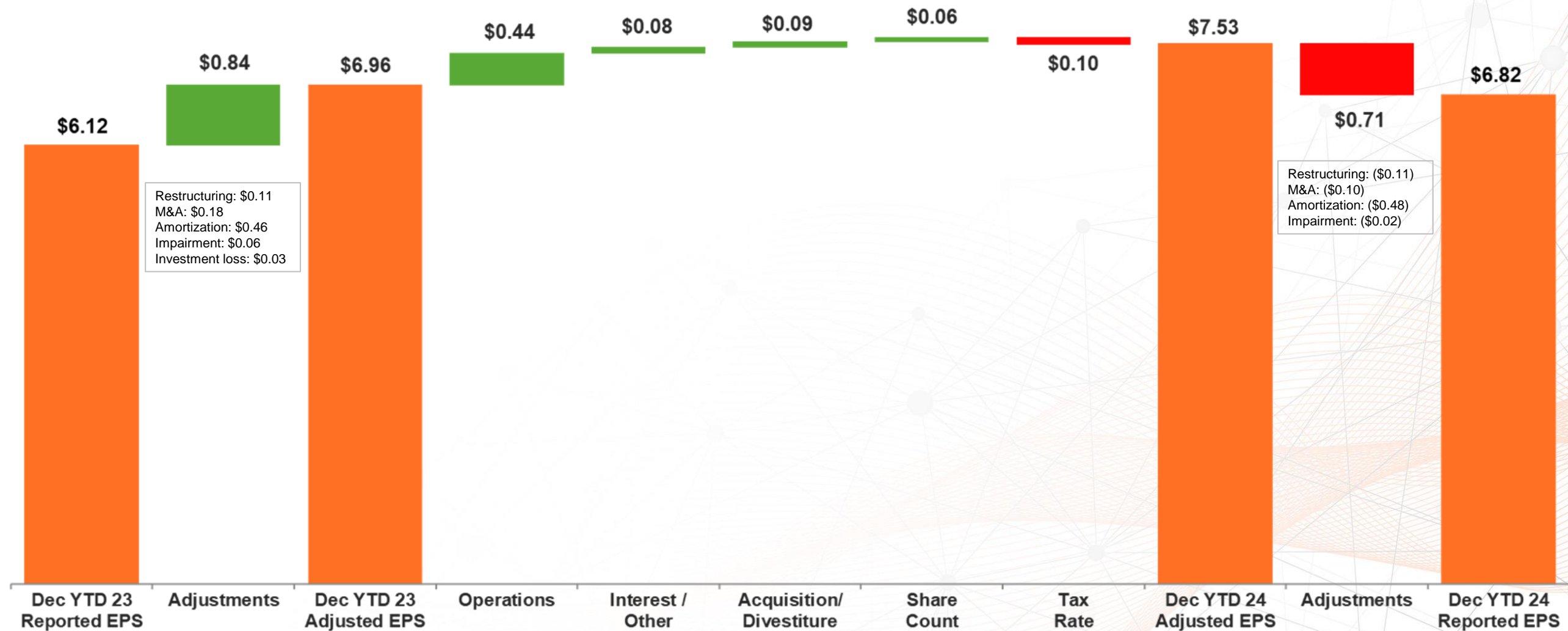
**+12.9%**

\$516.4    \$582.9



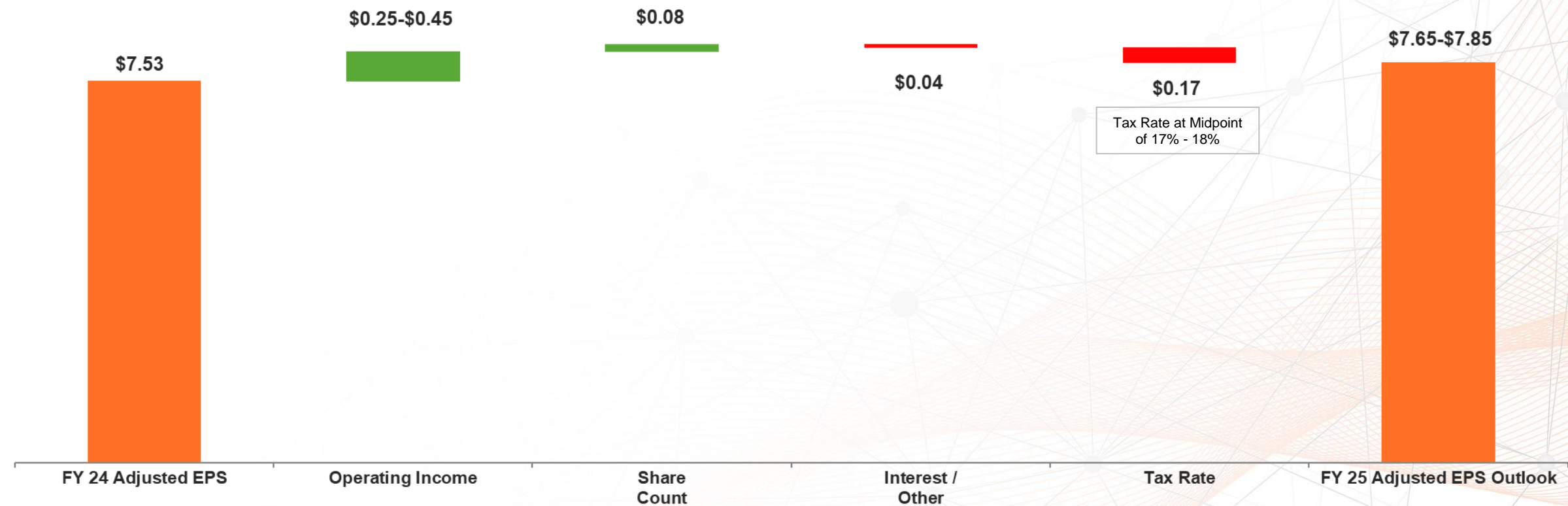
- Higher earnings and improved working capital management, partially offset by increased capital expenditures

# FY-2024 Allegion EPS Performance





# FY-2025 EPS Outlook Details



# Reconciliation of Non-GAAP Measures

The company presents operating income, operating margin, earnings before income tax, 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, earnings before income taxes, effective tax rate, 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](http://www.allegion.com).





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