



Allegion Fourth-Quarter 2013 Results

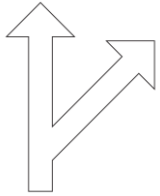
February 20, 2014

Safe Harbor

This presentation contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding the Company's 2014 financial performance, the Company's growth strategy, the Company's capital allocation strategy, the Company's EMEIA strategy and the strength of the markets in which the company operates. These forward-looking statements are based on the Company's current assumptions, expectations and beliefs and involve substantial risks and uncertainties that may cause results, performance or achievement to materially differ from those expressed or implied by these 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 Registration Statement on Form 10, as amended. The Company assumes no obligations to update these forward looking statements.

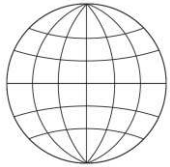
This presentation also contains revenue, operating income, operating margin, EBITDA, EBITDA margin, earnings from continuing operations and diluted earnings per share (EPS) from continuing operations on both a U.S. GAAP basis and on an adjusted basis because the Company's management believes it may assist investors in evaluating the Company's on-going operations as a standalone company. The Company believes these non-GAAP disclosures provide important supplemental information to management and investors regarding financial and business trends relating to the Company's financial condition and results of operations. Investors should not consider these non-GAAP measures as alternatives to the related GAAP measures. 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.

Overview – Unlocking Our Potential



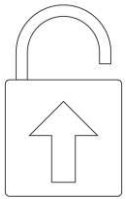
Separation complete December 1, 2013

- Member of the S&P 500



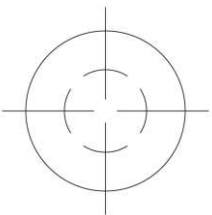
Established vision for continued global expansion

- *We make the world safer as a company of experts, securing the places where people thrive*



Solid 2013 financial position

- \$2B+ annual revenue, 2013 adjusted growth +3.7%*
- \$400M+ adjusted EBITDA, adjusted EBITDA margins 20%*
- Generated strong 2013 available cash flow \$200M+; ~100% of adjusted net earnings



Positioned well for 2014

- Organic and acquisition-led growth
- Focused strategic priorities
- Continuous improvement in operating performance
- Strong cash flow generation

Q4 Strategy Highlights

Key Strategies

**Expand In
Core Markets**

**Innovation in
Existing and
New Product
Categories**

**Growth in
Emerging
Markets**

**Operational
Excellence**

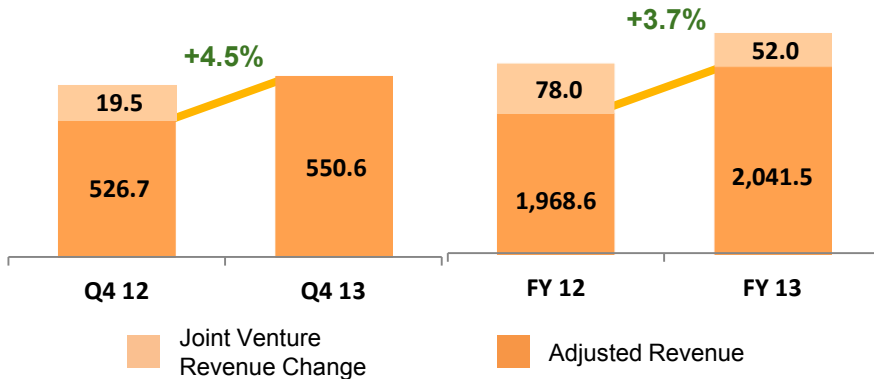
**Opportunistic
Acquisitions**

- Double-digit Residential Americas revenue growth driven by strength in retail and builder channels
- Q4 Americas electronic lock revenue growth >30% leveraging strength in institutional market segments
- Product Launches:
 - Schlage CO-220 classroom remote lockdown lock
 - aptiQmobile virtual credential platform using enabled smart phones
- EMEIA margin improvements reflecting early benefits of restructuring activities; positioned for continuous margin expansion
- Acquisition of Schlage Lock de Colombia S.A. completed in January 2014; Integration and synergy efforts underway

2013 Allegion Results

Adjusted Revenue⁽¹⁾

(\$ millions)



Q4 Performance

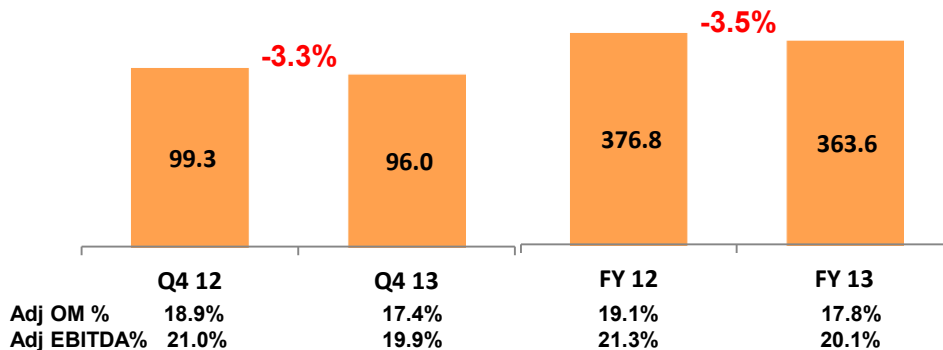
- Total growth +4.5%; Ex FX growth +4.4%
- Growth across all regions

FY Performance

- Total growth +3.7%; Ex FX growth +3.9%
- Americas +4.9%; EMEA (0.7%); Asia Pacific +4.8%

Adjusted Operating Income⁽²⁾

(\$ millions)



Q4 Adjusted Operating Margin ~(-150bps)

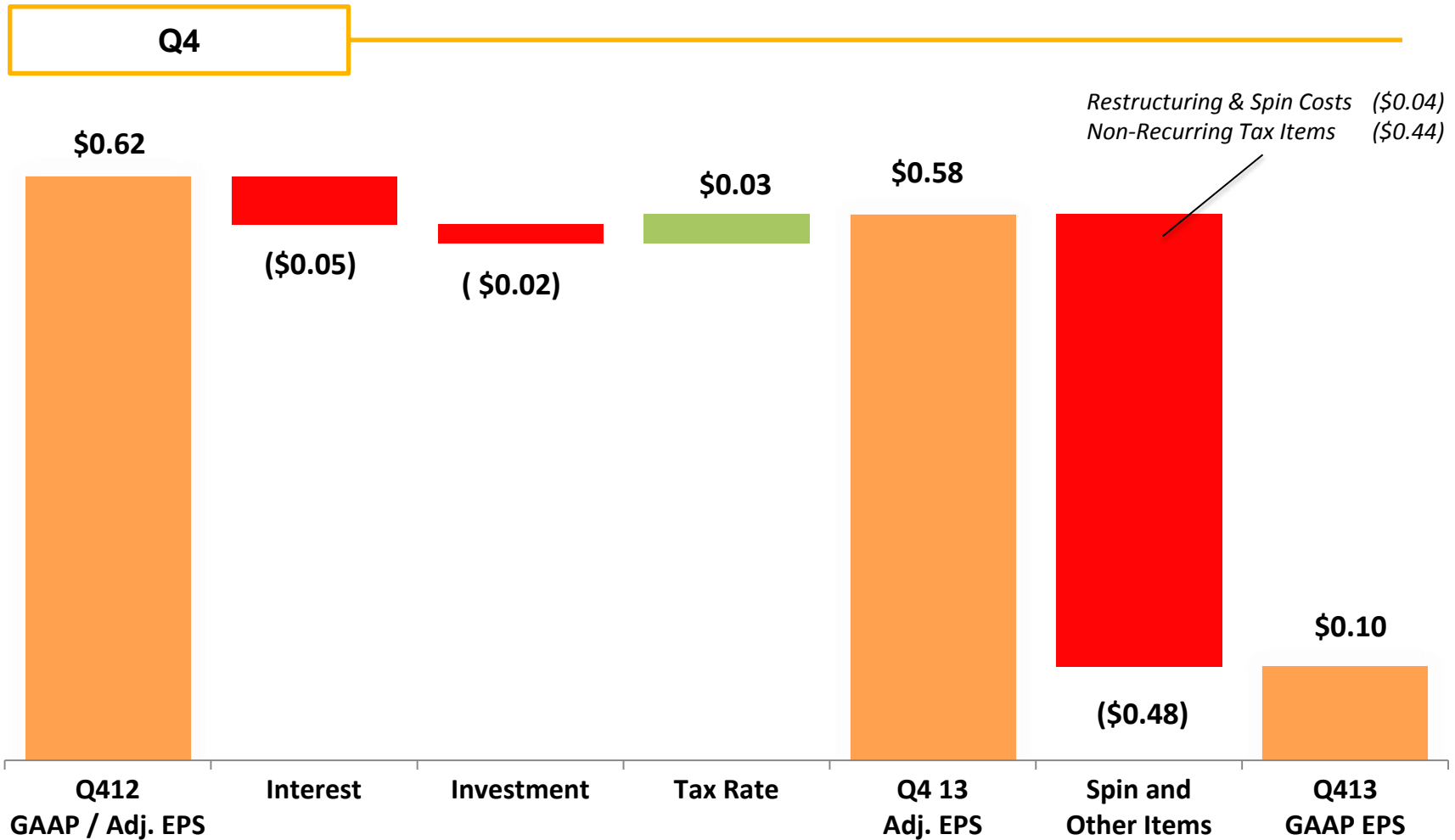
FY Adjusted Operating Margin ~(-130bps)

- Price and productivity offsetting inflation
- Increased new product development and channel investments and allocated expenses
- Exchange rate pressure (Venezuela, Canada and Mexico)

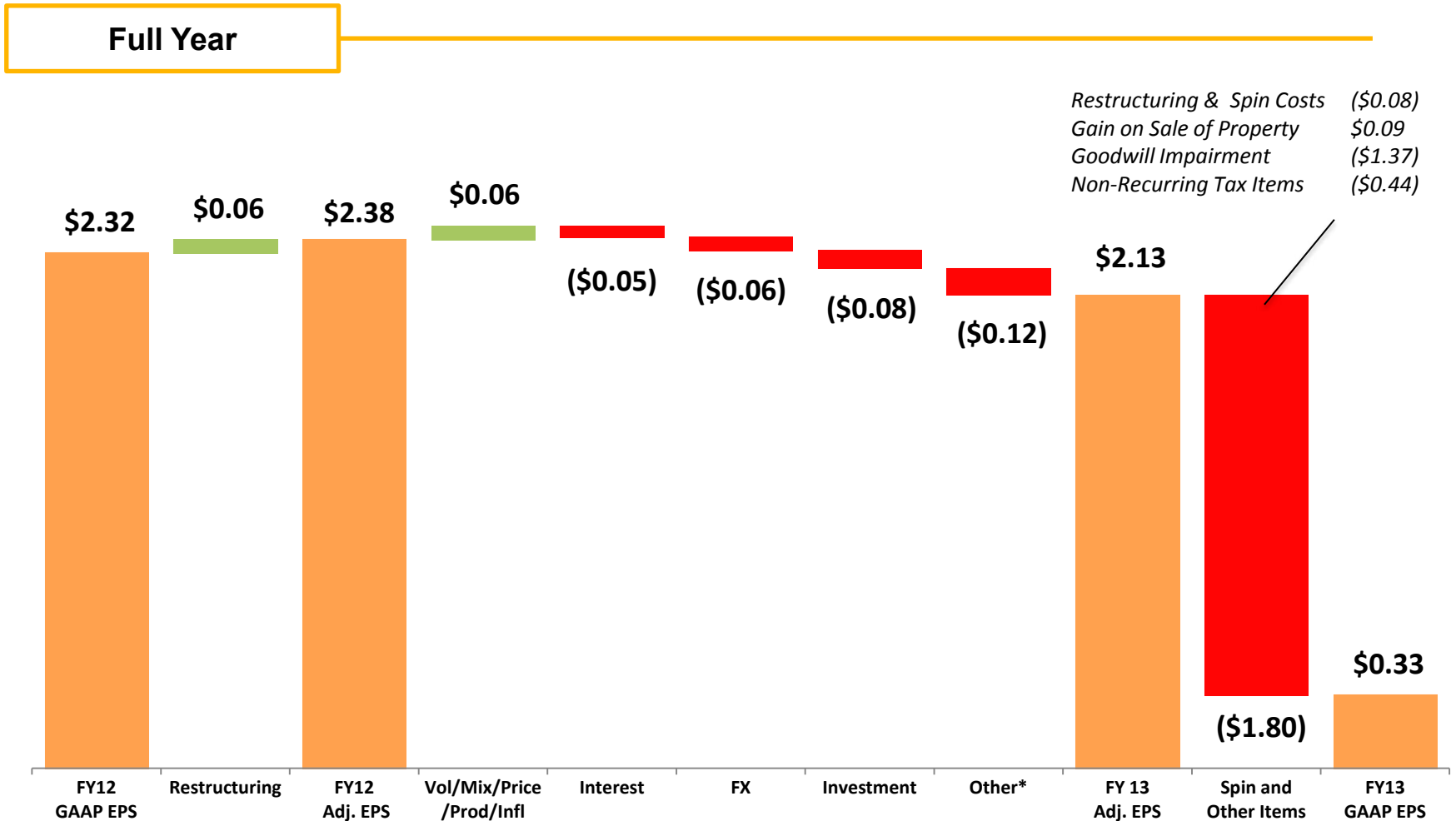
(1) Revenue adjusted to reflect Asia consolidated joint venture order flow change

(2) Adjusted to exclude restructure, spin costs, goodwill impairment, property sale gain, and Asia consolidated joint venture order flow change

2013 Allegion EPS Performance – Q4



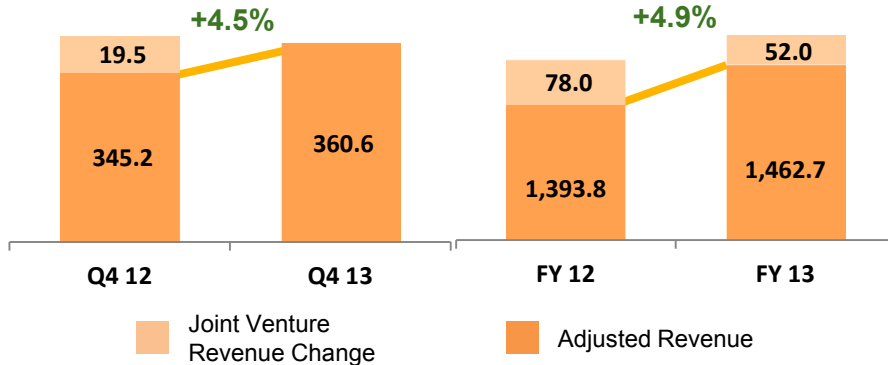
2013 Allegion EPS Performance – FY



2013 Allegion Results - Americas

Adjusted Revenue⁽¹⁾

(\$ millions)



Q4 Performance

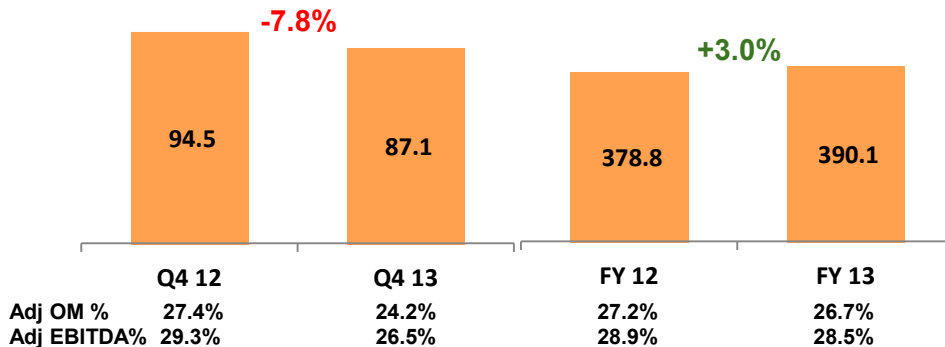
- Growth +4.5%; Ex FX +5.8%
- Double-digit residential growth, commercial flat reflecting prior year promotions

FY Performance

- Growth +4.9%; Ex FX +6.0%
- Commercial low single-digit growth; new construction improvements and higher education drive growth
- Residential double-digit growth; strength across all channels

Adjusted Operating Income⁽²⁾

(\$ millions)



Q4 Adjusted Operating Margin ~(-320bps)

- Unfavorable FX, Venezuela inflation, and mix partially offset by price and volume.

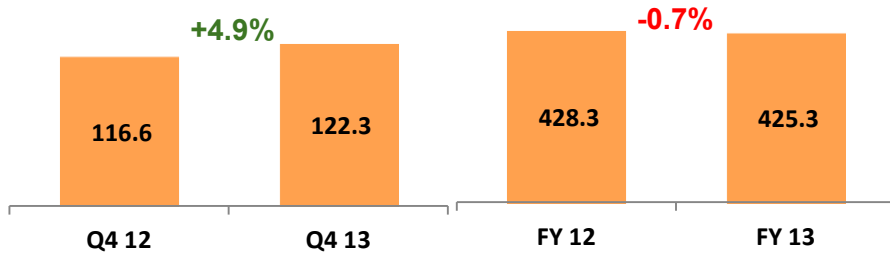
FY Adjusted Operating Margin ~(-50bps)

- Volume leverage partially offset by channel mix
- FY price increases keep pace to offset inflation
- Increased investments driven by innovation and operational excellence initiatives

2013 Allegion Results - EMEIA

Revenue

(\$ millions)



Q4 Performance

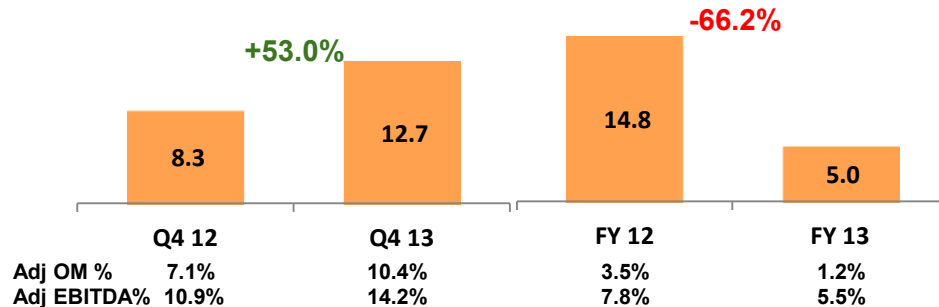
- Growth +4.9%; Ex FX +1.2%

FY Performance

- Growth (0.7%); Ex FX (2.8%)
- Economic weakness in most major markets partially offset by stronger sales in UK

Adjusted Operating Income⁽¹⁾

(\$ millions)



Q4 Adjusted Operating Margin ~+330bps

- Improvement driven by price, productivity and restructuring benefits

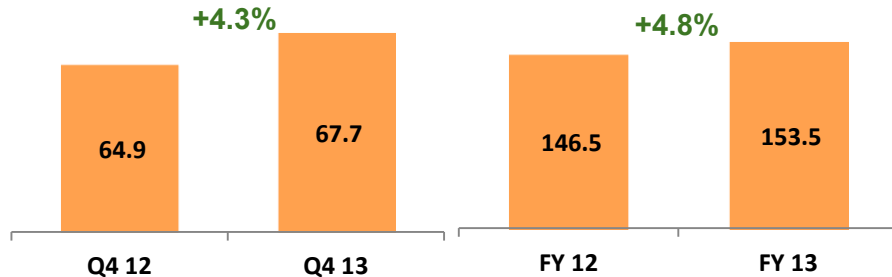
FY Adjusted Operating Margin ~(230bps)

- Deleveraging on volume
- Price, productivity and restructuring benefits offsetting inflation

2013 Allegion Results – Asia Pacific

Revenue

(\$ millions)



Q4 Performance

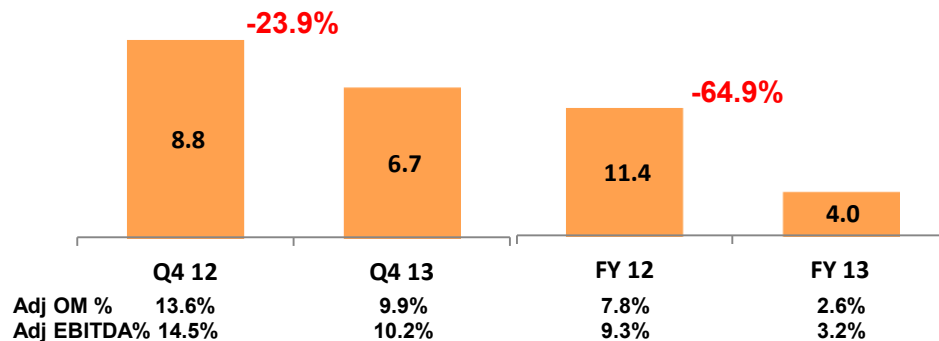
- Growth +4.3%; Ex FX +2.6%

FY Performance

- Growth +4.8%; Ex FX 4.0%
- Systems Integration and SEA growth offsetting weakness in North Asia and China hardware

Adjusted Operating Income⁽¹⁾

(\$ millions)



Q4 Adjusted Operating Margin ~(-370bps)

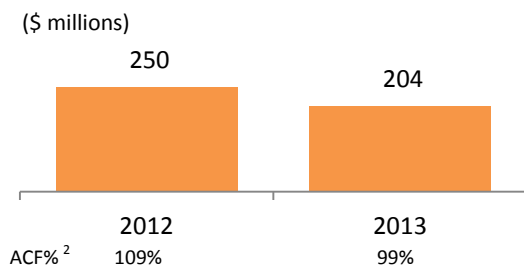
- Margins impacted by mix and non-recurring prior period benefits

FY Adjusted Operating Margin ~(-520bps)

- Volume offset by unfavorable mix and non-recurring prior period benefits
- Price and productivity offsetting sales/channel investments

2013 Allegion ACF and Balance Sheet

Available Cash Flow ¹



- Strong cash flow performance
- ACF is ~100% of net earnings

Capital Summary/Liquidity

December 31, 2013

(\$ millions)

Cash	\$	227
Restricted Cash ³	\$	<u>40</u>
Total Cash	\$	267
Total Debt ³	\$	1,344
Net Debt	\$	1,077

- Strong cash position
- Net of \$40M loan, Debt/Adj. EBITDA 3.2x
- \$500M Revolving Credit Facility available

Strong cash flow ... Healthy balance sheet ... Providing flexibility

¹ Cash from operations less capital expenditures

² ACF/Adjusted Net Earnings

³ Cash pledged as repayment for current note payable

Capital Allocation Strategy

Leverage Management

- Continued target of 2.75-3.25x of debt / EBITDA
- \$30M 2014 debt amortization

Organic Growth Investments

- Core portfolio and vertical market expansion
- Operational excellence and supply chain efficiency

M&A

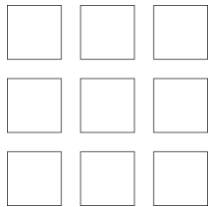
- Product expansion and increased presence in emerging markets and technologies
- Disciplined approach to acquisition management

Shareholder Distribution

- Quarterly dividend announced; \$0.08 cents per ordinary share payable March 31, 2014
- \$200M share repurchase program announced; offset dilution

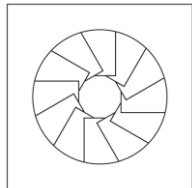
Balanced and flexible capital allocation management

Europe Update



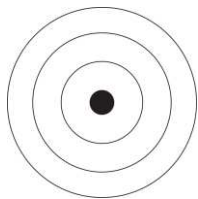
Portfolio Simplification

- Business portfolio optimization – right product, right channel
- Product portfolio and SKU optimization to improve leverage



Core Market Focus

- Drive delivery and quality improvement through operational excellence initiatives
- Focus on products where strengths can be leveraged
- Bring the company closer to the customer



OPEX

- Continued OPEX Value Stream investment
- Right size cost structure and overhead
- Leverage Americas operational maturity

Clear path to profitability established

2014 End Market Growth



Americas

- Non-Residential
 - Up low to mid single-digits
 - Commercial (office and warehouse) outpaces institutional (education, healthcare and government)
 - Retrofit activity improving
- Residential
 - New construction up low double-digits
 - Increased housing prices and lower inventory supporting renovation up mid single-digits
 - Economic and inflationary pressures tempering South America growth



EMEIA

- Flat; non-residential construction markets stabilizing after years of decline
- Northern region recovery outpaces southern



Asia Pacific

- Mid single-digits
- China continues strong growth, but at slower pace
- Safe city projects drive system integration growth

Positive signs of recovery, accelerating market growth pending

Full-Year 2014 Revenue Guidance*



Americas

3.5% to 5%

- Moderate growth in commercial markets; institutional continues to lag broader market
- Continued strength in U.S. residential markets, softness in LAT and Canada



EMEIA

-1% to 1%

- European markets bouncing at bottom, flat construction markets



Asia Pacific

8% to 10%

- Continued growth in the region led by China

Total

3.5% to 4.5%

Full-Year 2014 EPS Guidance

2013 Reported EPS from Continuing Operations	\$ 0.33
Adjustments ⁽¹⁾	\$ 1.80
Adjusted 2013 EPS from Continuing Operations	\$ 2.13
Operations improvements	\$0.25 to \$0.40
Investments	\$ (0.16)
Interest expense	\$ (0.27)
Tax rate change	\$ 0.28
Other	\$ 0.02
Adjusted 2014 EPS from Continuing Operations	\$2.25 to \$2.40
2014 restructure and spin costs	\$(0.30) to \$(0.25)
2014 Reported EPS from Continuing Operations	\$1.95 to \$2.15

Positive operational growth, deliver ACF at ~100% of earnings

Summary – Unlocking Our Potential

- Establishing a growth mindset – investing for the future
- Continuing to deliver strong financial performance and cash flow generation
- Driving EMEIA profitability improvement
- Building acquisition pipeline and organizational capability
- Leveraging an efficient tax structure more effectively
- Executing a balanced and flexible capital allocation strategy



ALLEGION™