

Allegion

Strong execution, but another year of no volume growth ahead

Reiterate Rating: UNDERPERFORM | PO: 95.00 USD | Price: 132.06 USD

4Q ops a tad better than expected, '24 guide above Street

ALLE 4Q23 operations came slightly ahead of our forecast driven by International. A robust EPS beat was driven mainly by tax. Allegion's '24 guidance came in above BofA and the street outlook. EPS guide of \$7.00 - \$7.15 compares with the consensus of \$6.90. '24's EPS outlook is more 2H weighted reflecting a return to historical seasonality and tough 1Q comps for the Americas segment. Guide assumes a lack of volume recovery with pricing driving positive y/y growth. We reiterate our Underperform rating on ALLE given our view of the company's end markets and that the stock is expensive relative to peers. We note the company's strong market position and execution; however, cycles matter and we see more risk related to US commercial markets, core funding availability for public projects, and European construction weakness.

Guide assumes modest pricing and non-res growth

Overall, '24 organic revenues are expected to be up 1-3% with midpoint implying relatively flat volumes. America's rev. guide of 1.5 – 3.5% y/y growth bracketed the Street expectations of 2.7%. International revenue guide of 1.5 – 3.5% y/y came in above Street's expectations of 0.7%. For '24, guide assumes modest inflation enabling normal levels of margin expansion from net price and productivity. Non-resi is expected to grow low to mid- single digits, underpinned by healthy institutional. Non-resi by vertical has seen multi-family slowing, new office construction soft, and strength in data centers. Allegion is more late cycle and is tied to building completions which can lag starts by a year or more as per management. For the key verticals, ConstructConnect data show hospital starts \$18.8bn down (27)%, education starts \$90.7 up 22%, and government \$16.1bn up 21% in '23. For '23 overall resi starts were down 18%, -0.5% in commercial and up 10.6% in institutional. New bond issuance is off to strong start up 33% YTD, but '23 was down 4% and that's the more relevant metric for '24 revenue outlook.

Adj. EPS \$1.68 beat BofA \$1.57 and consensus \$1.58

4Q23 adj. EPS of \$1.68 came in ahead of BofA \$1.57 and consensus of \$1.58. Americas was a \$0.01/sh beat driven by 60bps better margin. International was a \$0.04/sh beat driven by 90bps better margin. Operating profit was \$0.04/sh above BofA. Lower than expected tax rate was a \$0.07/sh benefit.

Estimates (Dec) (US\$)	2022A	2023A	2024E	2025E	2026E
EPS	5.99	6.96	7.02	7.38	7.82
GAAP EPS	5.49	6.12	7.02	7.38	7.82
EPS Change (YoY)	9.9%	16.2%	0.9%	5.1%	6.0%
Consensus EPS (Bloomberg)			7.10	7.70	8.65
DPS	1.59	1.80	1.92	1.95	1.98
Valuation (Dec)					
P/E	22.0x	19.0x	18.8x	17.9x	16.9x
GAAP P/E	24.1x	21.6x	18.8x	17.9x	16.9x
Dividend Yield	1.2%	1.4%	1.5%	1.5%	1.5%
EV / EBITDA*	19.6x	16.5x	15.7x	14.8x	14.1x
Free Cash Flow Yield*	3.1%	4.1%	4.5%	5.3%	0%

* For full definitions of *IQmethod*SM measures, see page 11.

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Timestamp: 20 February 2024 06:30PM EST

20 February 2024

Equity

Key Changes

(US\$)	Previous	Current
2024E Rev (m)	3,777.2	3,739.5
2025E Rev (m)	3,943.6	3,904.0
2026E Rev (m)	4,117.4	4,075.8
2024E EPS	6.62	7.02
2025E EPS	6.91	7.38
2026E EPS	7.32	7.82
2024E DPS	1.84	1.92

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Stock Data

Price	132.06 USD
Price Objective	95.00 USD
Date Established	11-Oct-2022
Investment Opinion	B-3-7
52-Week Range	95.94 USD - 136.91 USD
Mrkt Val (mn) / Shares Out (mn)	12,559 USD / 95.1
Free Float	95.9%
Average Daily Value (mn)	89.16 USD
BofA Ticker / Exchange	ALLE / NYS
Bloomberg / Reuters	ALLE US / ALLEN
ROE (2024E)	41.9%
Net Dbt to Eqty (Dec-2023A)	117.3%
ESGMeter TM	High

ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to "BofA ESGMeter Methodology".

iQprofileSM Allegion

iQmethodSM – Bus Performance*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Return on Capital Employed	20.4%	19.9%	19.2%	19.5%	NA
Return on Equity	61.9%	54.3%	41.9%	36.1%	69.5%
Operating Margin	20.5%	22.1%	22.5%	22.8%	22.9%
Free Cash Flow	396	516	566	668	NA

iQmethodSM – Quality of Earnings*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash Realization Ratio	0.9x	1.0x	1.1x	1.2x	0x
Asset Replacement Ratio	0.7x	0.8x	0.8x	0.8x	NA
Tax Rate	12.7%	14.3%	18.2%	19.2%	19.2%
Net Debt-to-Equity Ratio	191.3%	117.3%	80.1%	50.3%	NA
Interest Cover	8.9x	8.7x	9.7x	10.8x	11.4x

Income Statement Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Sales	3,272	3,651	3,739	3,904	4,076
% Change	14.1%	11.6%	2.4%	4.4%	4.4%
Gross Profit	1,322	1,582	1,644	1,744	1,849
% Change	9.8%	19.6%	4.0%	6.1%	6.0%
EBITDA	723	859	902	954	1,002
% Change	16.8%	18.8%	5.1%	5.8%	5.0%
Net Interest & Other Income	(76)	(93)	(87)	(82)	(82)
Net Income (Adjusted)	529	615	620	652	686
% Change	7.6%	16.3%	0.8%	5.2%	5.2%

Free Cash Flow Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Income from Cont Operations (GAAP)	458	541	620	652	686
Depreciation & Amortization	98	112	113	114	115
Change in Working Capital	(70)	(18)	(110)	(40)	NA
Deferred Taxation Charge	(71)	(68)	0	0	NA
Other Adjustments, Net	44	34	30	32	NA
Capital Expenditure	(64)	(84)	(86)	(90)	NA
Free Cash Flow	396	516	566	668	NA
% Change	-10.8%	30.6%	9.6%	18.0%	NA
Share / Issue Repurchase	(61)	(60)	(161)	(177)	NA
Cost of Dividends Paid	(144)	(159)	(170)	(172)	NA
Change in Debt	646	(82)	(400)	0	NA

Balance Sheet Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash & Equivalents	288	468	304	623	NA
Trade Receivables	396	413	445	476	NA
Other Current Assets	531	480	477	429	NA
Property, Plant & Equipment	309	358	331	307	NA
Other Non-Current Assets	2,468	2,593	2,607	2,625	NA
Total Assets	3,991	4,312	4,164	4,460	NA
Short-Term Debt	13	413	0	0	NA
Other Current Liabilities	691	667	630	618	NA
Long-Term Debt	2,082	1,602	1,615	1,615	NA
Other Non-Current Liabilities	261	311	281	255	NA
Total Liabilities	3,047	2,993	2,527	2,487	NA
Total Equity	945	1,318	1,637	1,973	NA
Total Equity & Liabilities	3,991	4,312	4,164	4,460	NA

* For full definitions of iQmethodSM measures, see page 11.

Company Sector

Industrials/Multi-Industry

Company Description

Allegion (ALLE) is a security products and solutions provider for end-users in commercial, institutional, and residential facilities. ALLE became a standalone entity in December 2013 following the spin-off from Ingersoll-Rand (IR). The company serves the education, healthcare, government, hospitality, commercial office and single and multi-family residential markets.

Investment Rationale

ALLE has exposure to slowing demand in residential and non-residential construction markets. We are concerned about European exposure & margin impact from pre-buy of raw materials. We see other names in our coverage as having more attractive valuation/earnings growth combinations.

Stock Data

Average Daily Volume 675,110

Quarterly Earnings Estimates

	2023	2024
Q1	1.58A	1.25E
Q2	1.76A	1.85E
Q3	1.94A	1.99E
Q4	1.68A	1.92E

Exhibit 1: 4Q23 earnings variance

EPS of 1.68 came in ahead of our \$1.57 estimate

	Actual	Reported		BofA Estimate		Variation Versus BofA Est.		
(in US\$ mn, except per share data)	4Q:22A	4Q:23A	YOY % Chg.	4Q:23E	YOY % Chg.	Dollar	Percentage	EPS
Segment Sales								
Americas	684	705	3%	717	5%	(13)	-2%	
International	178	193	9%	178	0%	15	9%	
Total	862	897	4%	895	4%	2	0%	
Segment Operating Profit								
Americas	171	188	10%	188	10%	1	0%	\$ 0.01
International	28	32	15%	28	1%	4	15%	\$ 0.04
Segment Total	199	221	11%	216	9%	5	2%	\$ 0.04
Corporate Overhead	(20)	(24)	NM	(21)	NM	(3)	12%	\$ (0.02)
Total	179	197	10%	195	9%	2	1%	\$ 0.02
Segment Operating Margin								
Americas	25.0%	26.7%	180 bp	26.2%	120 bp	60 bp	-	
International	15.8%	16.8%	100 bp	15.9%	10 bp	90 bp	-	
Total EBIT	20.7%	22.0%	120 bp	21.8%	100 bp	20 bp	-	
Net Sales	862	897	4%	895	4%	2	0%	
COGS	511	512	0%	510	0%	2	0%	
Gross Profit	351	385	10%	385	10%	0	0%	\$ 0.00
SG&A	172	188	9%	190	10%	(2)	-1%	\$ 0.02
Operating Income	179	197	10%	195	9%	2	1%	\$ 0.02
Interest expense / (income)	24	23	-3%	24	0%	(1)	-3%	\$ 0.01
Other Expense	(4)	(3)	NM	(2)	NM	(2)	120%	\$ 0.02
EBT	159	178	11%	173	8%	5	3%	\$ 0.04
Taxes	10	29	194%	35	249%	(5)	-16%	
Tax Rate	6.2%	16.4%	1020 bp	20.0%	1380 bp	(0)	-18%	\$ 0.07
Noncontrolling interest	0	-	NM	0	25%	(0)	-100%	\$ 0.00
Net Income (Continuing Operations)	149	149	-1%	138	-8%	10	8%	\$ 0.12
FULLY DILUTED EPS	\$1.69	\$1.68	0%	\$1.57	-7%	\$0.12	7%	\$ -
Diluted Shares Outstanding	88	88	0%	88	0%	0		\$ (0.00)
Margin Analysis								
	Actual	Reported		Reported		Variation (bp)		
	4Q:22A	4Q:23A		4Q:23A		BofA Est.	4Q:22A	
COGS	59.3%	57.1%		57.0%		(10 bp)	(220 bp)	
Gross Margin	40.7%	42.9%		43.0%		10 bp	220 bp	
SG&A	20.0%	21.0%		21.2%		30 bp	100 bp	
Operating Margin	20.7%	22.0%		21.8%		(20 bp)	120 bp	
EBT Margin	18.5%	19.8%		19.3%		(50 bp)	130 bp	
Net Margin	17.3%	16.5%		15.4%		(110 bp)	(80 bp)	
Segment Incremental Margin	36.2%	51.7%		48.6%		(310 bp)	1540 bp	

Source: BofA Global Research estimates, company report

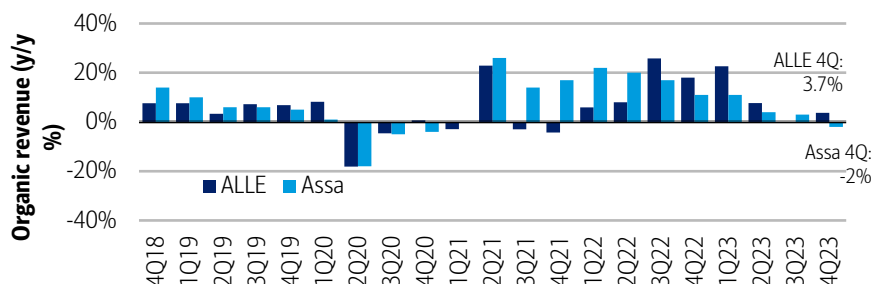
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ALLE continues to regain share losses in NA

We compare Assa Abloy's Americas results with Allegion Americas (78% of 2022 revenue). The two companies have little geographic overlap outside of the Americas. We note Assa outgrew Allegion in most of 2021 and 1H22, due to ALLE supply chain constraints, particularly on the residential side. Assa Abloy's organic growth of -2% in Americas came below ALLE's organic revenue of 3.7% in the Americas segment.

Exhibit 2: Allegion and Assa Abloy quarterly Americas organic revenue growth

4Q ALLE reported organic sales growth of 33.7% in the Americas, above Assa Abloy of -2%



Source: BofA Global Research, company filings

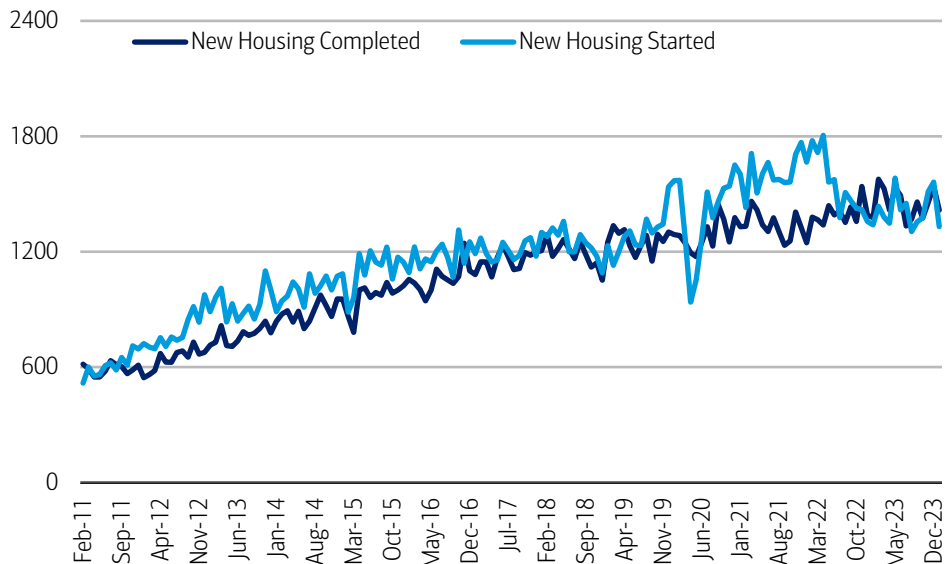
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NA Residential a headwind into 24

New housing starts and completions both trended down sequentially in January. Housing completions may be less cyclical than housing starts, during the '08 recession and short '20 recession while both housing starts and completions dropped, housing starts dropped significantly lower than housing completions. We expect to see the weakness from new housing starts and completions impact ALLE in '24.

Exhibit 3: New Housing starts vs Completions

New housing starts and completions were both down sequentially in January



Source: US Census

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While spending for residential construction has increased, we look at completions as the more relevant metric for ALLE.

Exhibit 4: Residential construction spending grew 6.2% y/y in Dec

Total Residential – construction put-in-place (SAAR) y/y%



Source: US Census Bureau

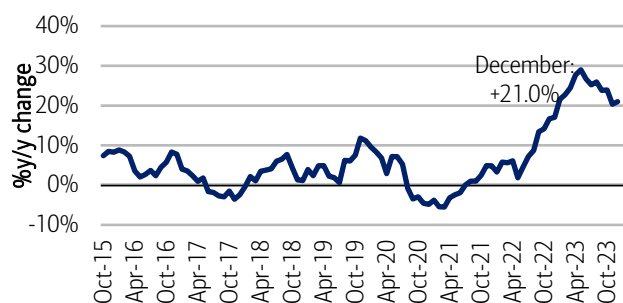
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Non-res spending holding up sequentially, but declines likely to continue in '24

Institutional (schools/hospitals) spend could be at risk of a slowdown based on construction spend

Key non-res verticals**Exhibit 5: Non-residential construction spending grew 21.0% y/y in Dec**

Total Non-residential – construction put-in-place (SAAR) y/y%

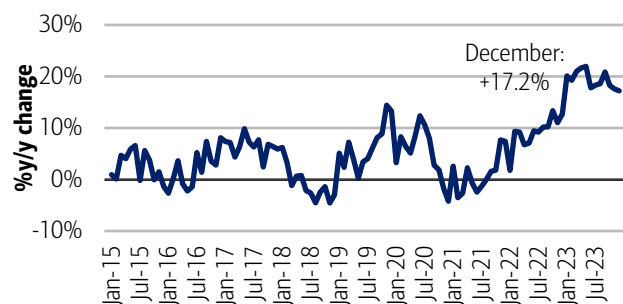


Source: US Census Bureau

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Exhibit 6: Health Care construction spending grew 17.2% y/y in Dec

Healthcare – construction put-in-place (SAAR) y/y%

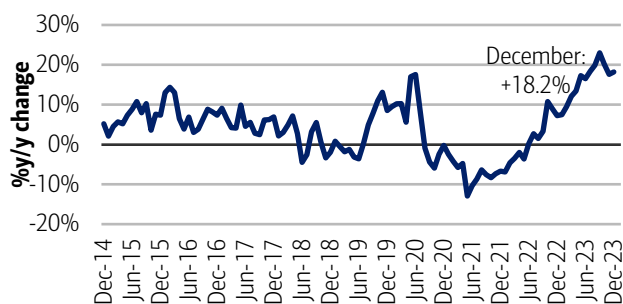


Source: US Census Bureau

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Exhibit 7: Education construction spending grew 18.2% y/y in Dec

Education – construction put-in-place (SAAR) y/y%

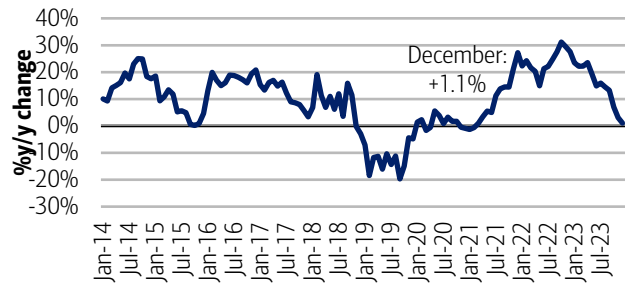


Source: US Census Bureau

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Exhibit 8: Commercial construction spending grew 1.1% y/y in Dec

Commercial – construction put-in-place (SAAR) y/y%

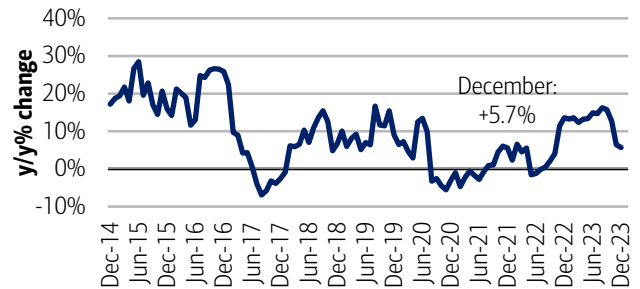


Source: US Census Bureau

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Exhibit 9: Office construction spending grew 5.7% y/y in Dec

Office – construction put-in-place (SAAR) y/y%

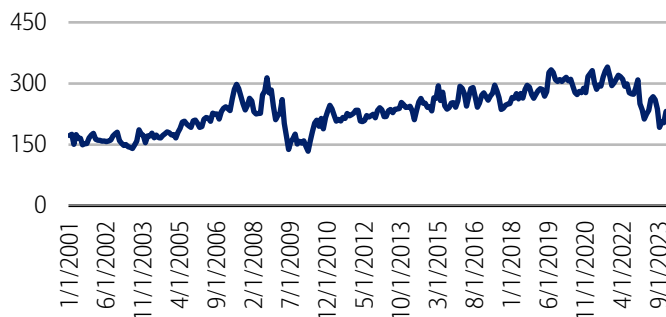


Source: US Census Bureau

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Exhibit 10: Office price by square foot

Office construction prices ticked up sequentially in December



Source: Bloomberg

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New money bond issuances are up 33% YTD off easy comp

We look at municipal bond issuances as a leading indicator for public non-residential construction spending. New money issuances are up 33% YTD (Exhibit 11) off easy comps. In 2023, new money issues ended the year down 3%, we find '23's bond issuance the better indicator given the ~year lag from bond issuance to Allegion. We find this discouraging for future non-residential construction spending as these funds are for new projects, versus refinancing.

Exhibit 11: Issuance summary (\$mn)

YTD issuance of \$33.9 is up 33% y/y

	Month-to-date			Year-to-date		
	2/14/2024	2/14/2023	y/y % Δ	2/14/2024	2/14/2023	y/y % Δ
Total	14,275.60	9,907.40	44%	45,134.10	33,963.40	33%
New Money	11,059.80	8,922.00	24%	31,705.40	26,354.10	20%
Total Refunding	3,215.80	985.3	226%	13,428.70	7,609.30	76%
Advanced refunding	0	5.4	-	5,392.20	1,380.90	290%
Unknown refunding	3,215.80	890.7	261%	8,036.50	4,984.50	61%
Current & Forward refunding	0	89.1	-100%	0	1,243.90	-100%
Insured	942.3	664.3	42%	3,029.10	2,923.10	4%
Fixed Rate	12,729.00	8,431.20	51%	39,500.20	29,614.90	33%
Variable Rate Long	974.3	1,049.90	-7%	4,244.70	3,321.60	28%
Variable Rate Short	552.9	417.9	32%	1,064.30	950.5	12%
Zero Coupon	19.3	8.4	129%	324.9	22.3	1355%
Linked Rate	0	0	-	0	50	-100%
Convertible	0	0	-	0	4.1	-100%
Variable rate no put	0	0	-	-	-	-
Tax Exempt	13,477.00	8,766.70	54%	43,156.00	28,974.40	49%
Taxable	798.6	1,114.80	-28%	1,952.40	4,406.50	-56%
Alternate Minimum Tax	0	25.9	-100%	25.7	582.6	-96%
Education	4,765.80	3,387.20	41%	13,026.50	11,789.10	10%
General Purpose	3,533.20	2,684.90	32%	9,000.80	6,300.40	43%
Utilities	2,013.80	1,516.30	33%	8,360.40	4,832.40	73%
Transportation	1,697.20	75.9	2137%	4,315.10	3,511.10	23%
Housing	1,533.60	1,052.60	46%	3,643.10	2,998.70	21%
Healthcare	570.8	823.6	-31%	3,947.00	1,403.30	181%
Development	133.5	268.3	-50%	575	986.8	-42%
Public Facilities	23.3	98.6	-76%	250.9	346.2	-28%
Electric Power	4.3	0	-	1,980.20	1,645.50	20%
Environmental Facilities	0	0	-	35.1	150	-77%

Source: Refinitiv, BofA Global Research, Long-term bonds only. Reflects any data revisions by Refinitiv or Bloomberg

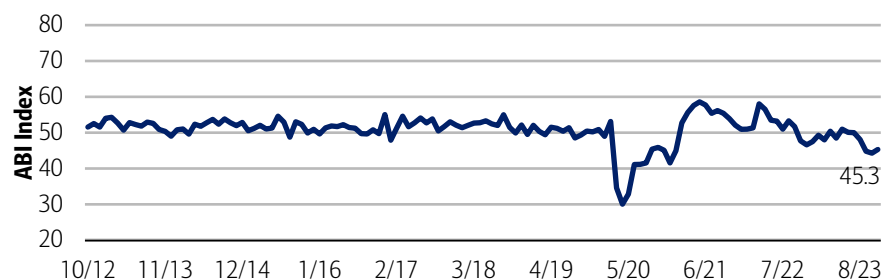
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November ABI remains below 50

The American Institute of Architects publishes a monthly Architecture Billings Index (ABI) which reflects aggregate results of whether architecture billings increased, decreased or stayed the same in the month vs. the prior month. A score above 50 indicates an aggregate increase in billings. The ABI is a widely-used leading indicator by the industry. November's 45.3 reading, sequentially ticked up after five months after declining readings.

Exhibit 12: The ABI Index still below 50

ABI is a diffusion index with numbers less than 50 indicating month-over-month declines

**Source:** The American Institute of Architects, BofA Global Research

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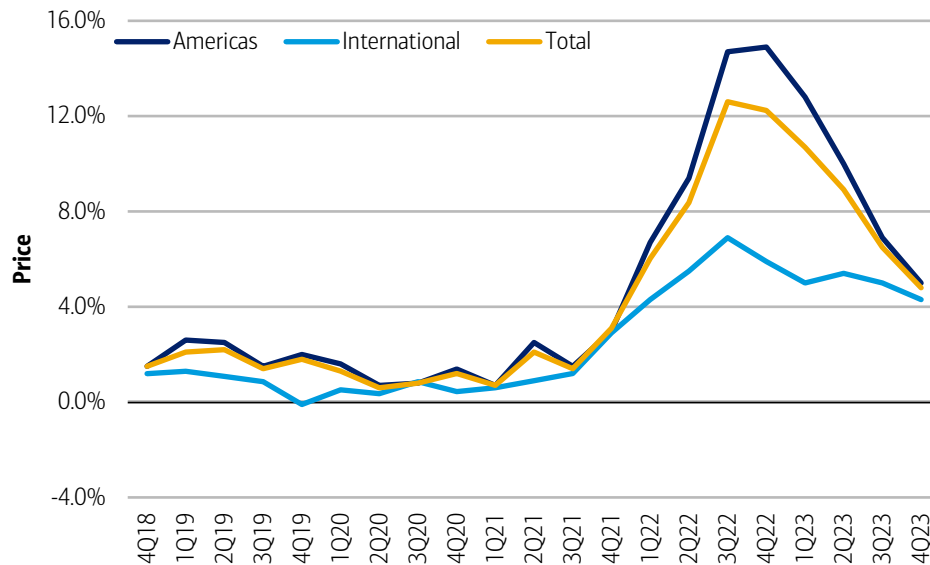
Allegion decelerating pricing and volumes

Allegion's pricing was still positive in 4Q, however both segments saw pricing decelerate.



Exhibit 13: Allegion's reported pricing history 2018-2023

Pricing for Allegion as a whole has decelerated in 4Q



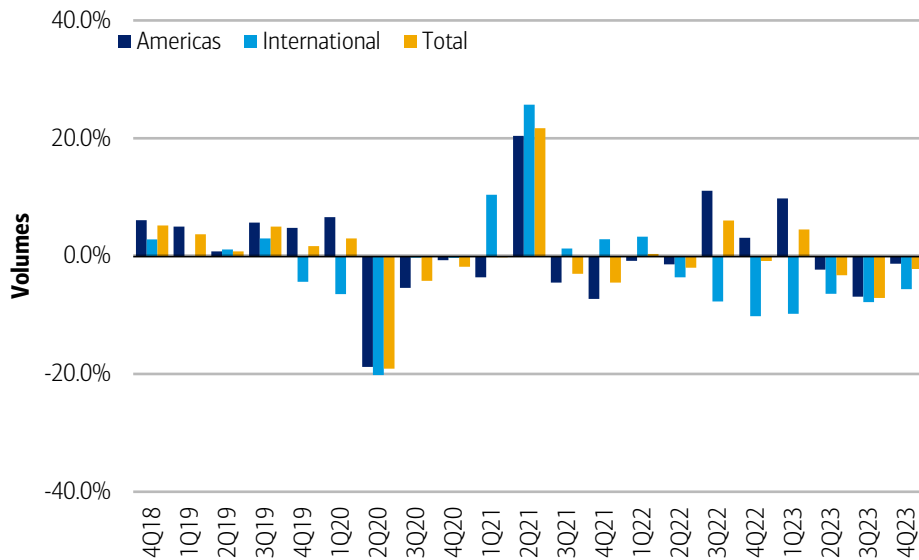
Source: Company filings, BofA Global Research

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Volumes remained negative in 4Q for both segments and Allegion as a whole.

Exhibit 14: Allegion's volumes 2018-2023

Volume declines in both of Allegion's segments



Source: Company filings, BofA Global Research

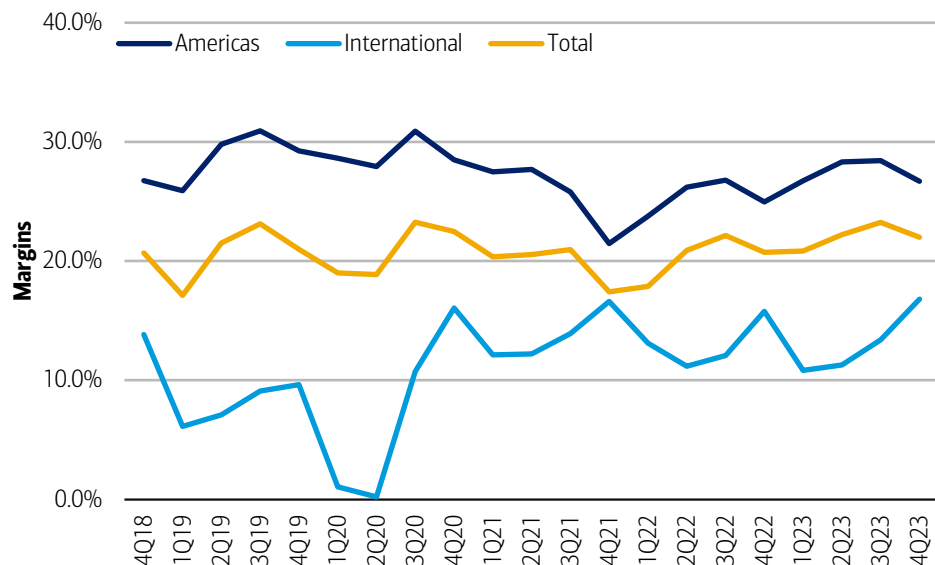
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Improving Margins

Allegion's margins improved in International.

Exhibit 15: Allegion's margins 2018-2023

Margins improved in 4Q in International



Source: BofA Global Research, company filings

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Raising our '24 Adj. EPS to \$7.02, in line with guide

During ALLE's 4Q23 earnings mgmt. introduced 2024 guidance of \$7.00 - \$7.15. we raise our EPS to \$7.02, in line with guide. Guide also includes \$0.01 benefit from M&A. Tax rate in '24 will be higher as a reflection of the Global Minimum Tax.

Valuation

Our \$95 price objective is based on a 11x multiple on our 2025 EV/EBITDA estimate slightly below peers trading at 12x on 2024E EV/EBITDA. We note Allegion is expensive relative to peers.

Exhibit 16: ALLE relative valuation

ALLE trades slightly below with peers

Company	Ticker	Stock Price 2/20/2024	P/E		EV/EBITDA		EBITDA margins		EPS Growth		P/FCF	
			2024E	2025E	2024E	2025E	2024E	2025E	2024E	2025E	2024E	2025E
Acuity	AYI	\$239.18	15.8x	14.9x	11.0x	10.0x	17.2%	17.1%	6.9%	5.7%	15.2x	15.6x
Assa Abloy	ASAZF	SEK 293.90	21.3x	17.8x	15.2x	12.9x	16.8%	18.0%	18.4%	19.4%	22.0x	16.3x
Dorma + Kaba	DOKA SW	CHF 450.00	18.9x	14.8x	6.2x	5.1x	13.2%	15.1%	19.1%	27.4%	15.7x	10.8x
Lennox	LII	\$447.99	22.7x	20.2x	16.8x	14.6x	19.5%	20.1%	10.3%	12.4%	27.5x	22.0x
Stanley Black and Decker	SWK	\$88.38	22.7x	20.2x	11.4x	9.4x	10.8%	12.4%	216.5%	37.6%	18.6x	13.6x
Average			20.3x	17.6x	12.1x	10.4x	15.5%	16.6%	54.2%	20.5%	19.8x	15.7x
ALLE		\$132.14	20.0x	19.1x	15.4x	14.3x	22.3%	22.5%	-3.3%	4.3%	19.6x	18.1x
ALLE at PO		\$95.00	14.3x	13.7x	11.5x	10.6x						

Source: BofA Global Research, company filings, Bloomberg

BofA GLOBAL RESEARCH



Price objective basis & risk

Allegion (ALLE)

We base our \$95 price objective on a 11x EV/EBITDA of our 2025 estimates. Our 11x target multiple is slightly below peers trading at 12x on 2024E given our concerns for ALLE's end markets, partially offset by ALLE's strong margins.

Upside risks are: 1) North American residential downturn less severe than expected and 2) pricing holds up into '24. Downside risks are: 1) Greater-than-expected headwinds from raw material inflation and supply chain headwinds, 2) Lost market share to North American competitor, and 3) Emerging market slowdown could impact the company's growth, reliant on increased security demand from urbanization.

Analyst Certification

I, Andrew Obin, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

US - Multi-Industrials/Engineering and Construction Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	APi Group	APG	APG US	Andrew Obin
	AspenTech	AZPN	AZPN US	Andrew Obin
	Atmus Filtration	ATMU	ATMU US	Andrew Obin
	Dover Corp	DOV	DOV US	Andrew Obin
	Eaton Corp PLC	ETN	ETN US	Andrew Obin
	Emerson Electric Co	EMR	EMR US	Andrew Obin
	Flowserve	FLS	FLS US	Andrew Obin
	General Electric Company	GE	GE US	Andrew Obin
	Honeywell International Inc.	HON	HON US	Andrew Obin
	ITT Inc.	ITT	ITT US	Andrew Obin
	Montrose Environmental Group, Inc.	MEG	MEG US	Andrew Obin
	Parker Hannifin Corporation	PH	PH US	Andrew Obin
	PTC Inc.	PTC	PTC US	Andrew Obin
	Rush	RUSHA	RUSHA US	Andrew Obin
	Vertiv	VRT	VRT US	Andrew Obin
	Vontier	VNT	VNT US	Andrew Obin
NEUTRAL				
	3M Company	MMM	MMM US	Andrew Obin
	AMETEK Inc	AME	AME US	Andrew Obin
	Fortive Corporation	FTV	FTV US	Andrew Obin
	Johnson Controls International PLC	JCI	JCI US	Andrew Obin
	Pentair plc	PNR	PNR US	Andrew Obin
	Rockwell	ROK	ROK US	Andrew Obin
	Trane Technologies PLC	TT	TT US	Andrew Obin
UNDERPERFORM				
	Allegion	ALLE	ALLE US	Andrew Obin

US - Multi-Industrials/Engineering and Construction Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Carrier Global Corp.	CARR	CARR US	Andrew Obin
	Core & Main	CNM	CNM US	Andrew Obin
	Illinois Tool Works	ITW	ITW US	Andrew Obin
	John Bean Technologies	JBT	JBT US	Andrew Obin
	Keysight	KEYS	KEYS US	David Ridley-Lane, CFA

iQmethodSM Measures Definitions**Business Performance**

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

EV / EBITDA

Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash & Equivalents

EBIT

Numerator

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

EV = Current Share Price × Current Shares + Minority Equity + Net Debt +

Other LT Liabilities

Enterprise Value

Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill

Amortization

Shareholders' Equity

Sales

N/A

N/A

Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

Denominator

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

Market Cap = Current Share Price × Current Basic Shares

Sales

Basic EBIT + Depreciation + Amortization

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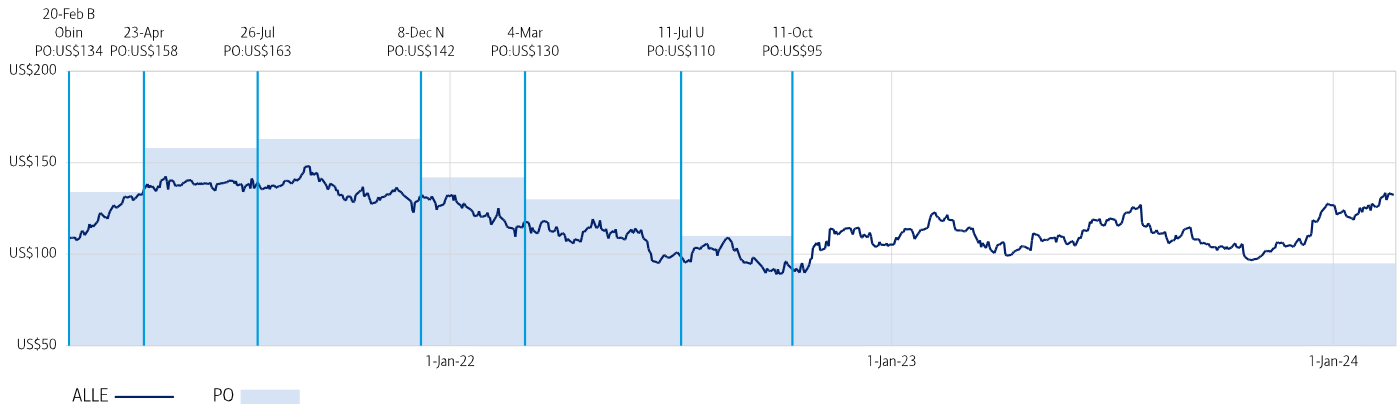
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Important Disclosures

Allegion (ALLE) Price Chart



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Equity Investment Rating Distribution: Industrials/Multi-Industry Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	45	50.56%	Buy	25	55.56%
Hold	26	29.21%	Hold	13	50.00%
Sell	18	20.22%	Sell	7	38.89%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

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