



2016 Annual Report

Allegion by the numbers

**\$2
Billion**
2015
annual
revenue

30
Countries where
we work



9,000+
Employees



~130
Countries where our
products are sold



25+
Global brands

550+
Global active
patents

10,000+
Channel partners
worldwide



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We are many.
We are one.
We are Allegion.

5

Growth pillars



Opportunistic acquisitions

Allegion's acquisition strategy focuses on opportunities that grow our product portfolio, expand the business geographically, and acquire new innovative technologies. It is an intrinsic part of Allegion's overall strategy.

In 2015, Allegion closed on five acquisitions that enhanced our business portfolio.

- AXA Stenman, a leading European residential and portable security provider of bicycle locks and lights and a wide variety of window and door security products
- Brio, a market-leading designer and manufacturer of sliding and folding door hardware for commercial and residential markets
- Milre Systek, a market-leading manufacturer of high quality and innovative residential electronic security solutions, including mortise, rim and cabinet locks
- SimonsVoss, a leading electronic locking systems manufacturer, with a track record of innovative product development
- Zero International, a recognized leader in specialty thresholds for commercial markets including a full array of premium sealing systems

We are very excited to welcome these businesses, brands and employees to the Allegion family.



Expand in core markets

Allegion continues to deliver strong growth in core markets through the combination of mechanical and electro-mechanical solutions, customer-focused initiatives, and by entering new categories through acquisition.

In the U.S. residential market, we offer a well-rounded branded portfolio of locks, levers, hardware and portable security. Schlage® is a leader in mechanical and smart locks for homes and multifamily use; meanwhile Milre® bolsters the Asia-Pacific residential electronic lock portfolio. The acquisition of AXA expands our portfolio and gives us greater access to European markets.

Allegion brands CISA®, Interflex® and Schlage® and technology from aptiQ® and Engage™ are leading the electro-mechanical convergence. Meanwhile, recently acquired brands SimonsVoss® and Zero® were instrumental in making inroads with integrated access control and specialty thresholds.

The U.S. channel initiative drove growth with an array of products, programs and support for the Americas' direct and indirect distribution partners who target the discretionary replacement and small renovation markets. Europe's focus is on demand creation and improving quality and on-time delivery.



+20%
electronic
growth
(excl. acquisitions)



Enterprise excellence

At Allegion, we are intent on providing superior value to customers and improving business health.

Enterprise excellence is the responsibility of the entire organization, and every department is dedicated to improving business processes. We are aggressively deploying the business system: cultivating talent, utilizing lean principles, transforming business processes, standardizing work and optimizing the flow of information and materials. We have launched major initiatives aimed at speed and efficiency, including our European operations, engineering, talent acquisition, IT and delivery expediting programs.

At the core of enterprise excellence is engaging employees to create unparalleled customer value, superior shareholder return and a safe workplace. In our constantly evolving world, Allegion must continually grow and change to remain a leader in our industry. Reacting to customer needs is not enough. We must anticipate market trends and meet the challenges through service and innovation.

Allegion also has a relentless focus on safety. While we are never satisfied, we are proud that Allegion enjoys industry-leading results.

0.61
TRIR

total recordable
incident rate



Growth in emerging markets

Growth in emerging markets requires a disciplined and focused approach.

Our strategy in emerging markets is clear:

- Establish a market-driven product portfolio
- Upgrade supply chain capabilities to deliver cost competitiveness and speed to market
- Expand our footprint through acquisition
- Invest in regional selling capabilities
- Develop demand creation capabilities
- Establish distribution channel access
- Take a leadership role in establishing industry standards

In 2015, Allegion made difficult but necessary decisions on divestitures. By exiting the Venezuelan market and divesting the Bocom Wincent business in China, Allegion is better positioned to drive emerging market growth through its core mechanical and electronic hardware business.

By taking a balanced, strategic approach, Allegion has demonstrated both organic growth and margin improvements in emerging markets, while continuing to make investments for future growth.



Innovation in existing and new product categories

In a complex world, Allegion is actively addressing security challenges in new ways to find solutions that make the world safer.

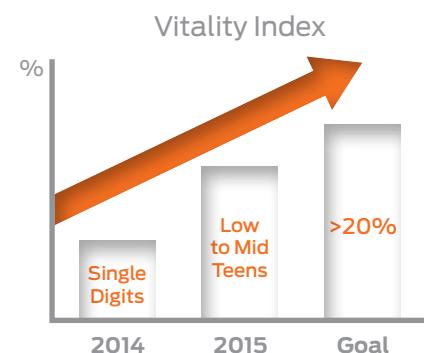
These solutions come from innovation, the lifeblood of our company. We're a global company of experts who thrive on keeping our customers safe. We do this by daily embracing one of our core values: be curious beyond the obvious.

For nearly 100 years, Allegion has been asking questions and listening to our customers so we can anticipate what they'll need next.

Through innovation, Allegion continues to be a global leader with more than 550 active global patents.

Allegion's Vitality Index, the percentage of total revenue derived from new products created in the last 36 months, also continues to climb. As you see in the chart, it has doubled since 2014, and our goal is to drive to above 20 percent.

And with the increasing convergence of electro-mechanical solutions and interconnectivity through the Internet of Things (IoT), Allegion is well positioned to continue leading the industry with innovative solutions.



Financials

At a glance

- Grew above-market
- Increased EPS
- Strong cash flow

performance

| | YEAR ENDED DECEMBER 31, 2016 | | | YEAR ENDED DECEMBER 31, 2015 | | |
|--|------------------------------|--------------------|------------------------|------------------------------|--------------------|------------------------|
| | Reported | Adjustments | Adjusted (non-GAAP) | Reported | Adjustments | Adjusted (non-GAAP) |
| Net revenues | \$ 2,068.1 | \$ – | \$ 2,068.1 | \$ 2,068.1 | \$ – | \$ 2,068.1 |
| Operating income | 358.6 | 38.1 ¹ | 396.7 | 358.6 | 38.1 ¹ | 396.7 |
| Operating margin | 17.3% | | 19.2% | 17.3% | | 19.2% |
| Earnings before income taxes | 209.3 | 145.1 ² | 354.4 | 209.3 | 145.1 ² | 354.4 |
| Provision for income taxes | 54.6 | 2.8 ³ | 57.4 | 54.6 | 2.8 ³ | 57.4 |
| Effective income tax rate | 26.1% | | 16.2% | 26.1% | | 16.2% |
| Earnings from continuing operations | 154.7 | 142.3 | 297.0 | 154.7 | 142.3 | 297.0 |
| Non-controlling interest | 0.4 | 2.6 ⁴ | 3.0 | 0.4 | 2.6 ⁴ | 3.0 |
| Net earnings from continuing operations attributable to Allegion plc | \$ 154.3 | \$ 139.7 | \$ 294.0 | \$ 154.3 | \$ 139.7 | \$ 294.0 |
| Diluted earnings per ordinary share attributable to Allegion plc shareholders: | \$ 1.59 | \$ 1.44 | \$ 3.03 | \$ 1.59 | \$ 1.44 | \$ 3.03 |

¹ Adjustments to operating income for the year ended December 31, 2016 consist of a \$___ million non-cash impairment charge to write inventory in Venezuela down to the lower of cost or market and \$___ million of restructuring charges, merger and acquisition expenses and other expenses. Adjustments to operating income for the year ended December 31, 2015 consist of \$___ million of costs incurred as part of the spin-off from Ingersoll Rand and restructuring charges as well as a \$___ million non-cash inventory impairment charge to write inventory in Venezuela down to the lower of cost or market.

² Adjustments to earnings before taxes for the year ended December 31, 2016 consist of the adjustments to operating income discussed above, a \$2.8 million charge to devalue the Company's Venezuelan bolivar-denominated net monetary assets and 104.2 million of losses related to the divestitures of the Company's operations in Venezuela and systems integration business in China.

Adjustments to earnings before income taxes for the year ended December 31, 2015 consist of the adjustments to operating income discussed above, a \$___ million charge to write-off unamortized debt issuance costs associated with the Company's Term B Loans and a \$___ million charge to devalue the Company's Venezuelan bolivar-denominated net monetary assets.

³ Adjustments to the provision for income taxes for the year ended December 31, 2016 consist of \$___ million of tax benefit related to the excluded items discussed above. Adjustments to the provision for income taxes for the year ended December 31, 2015 consist of \$___ million of tax expense related to the excluded items discussed above.

⁴ Adjustments to non-controlling interest for the year ended December 31, 2015 and 2014 consist of the portions of adjustments (1) through (3) that are not attributable to Allegion plc shareholders.

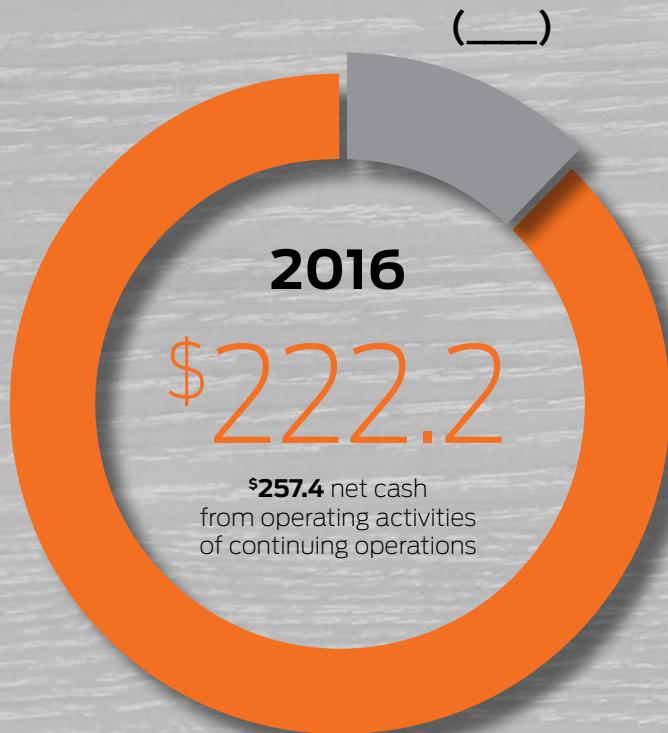
Organic
growth

+5.4%

Adjusted EPS
increased

21.7%

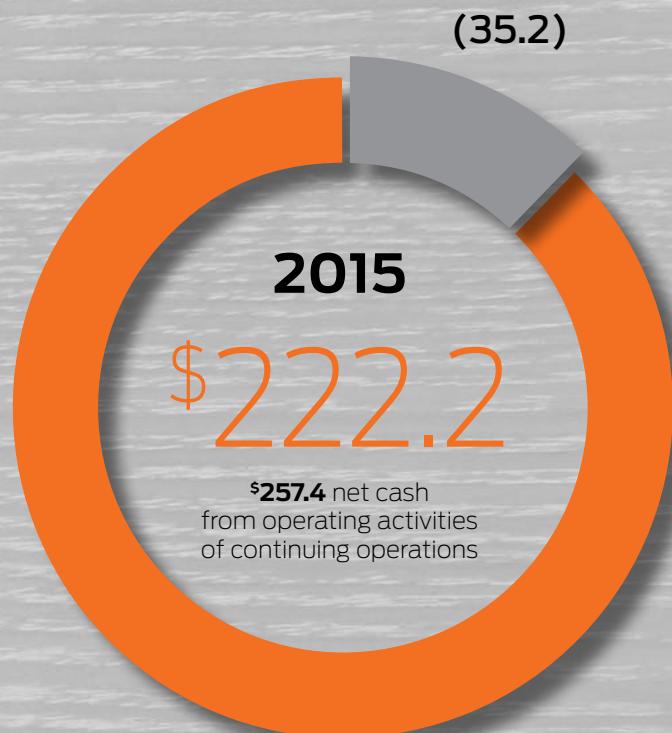
* Organic excludes acquisitions,
divestments and currency impacts



Cash flow

Year ended December 31
(in millions)

► Capital expenditures
► Available cash flow



Reconciliation of GAAP to non-GAAP earnings from continuing operations (in millions, except per share data)

The Company has presented revenue, operating income, operating margin, earnings from continuing operations, diluted earnings per share (EPS) from continuing operations, on both a U.S. GAAP basis and on an adjusted basis and presented adjusted EBITDA and adjusted EBITDA margin because the Company's management believes it may assist investors in evaluating the Company's on-going operations as a standalone public company. Adjustments to revenue, operating income, operating margin, earnings and diluted EPS from continuing operations and EBITDA include items that are considered to be unusual or infrequent in nature such as goodwill impairment charge, restructuring charges, asset impairments, merger and acquisition costs, one-time separation costs related to the spin-off from Ingersoll Rand, charges related to the devaluation of the Venezuelan bolivar and charges related to the divestitures of businesses.

The Company considers these items unrelated to its core, on-going operating performance, and believes the use of these non-GAAP measures allows comparison of operating results that are consistent over time. 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. Management uses these non-GAAP measures internally to evaluate the performance of the business. Investors should not consider these non-GAAP measures as alternatives to the related GAAP measures.

Board of Directors

Committees of the Board

Audit

M. Welch, Chair
M. Chesser
C. Cico
K. Hachigian
D. Schaffer

Compensation

M. Chesser, Chair
C. Cico
K. Hachigian
D. Schaffer
M. Welch

Corporate Governance and Nominating

K. Hachigian, Chair
M. Chesser
C. Cico
D. Schaffer
M. Welch

David Petratis

David Petratis
Chairman, President
and Chief Executive Officer

Kirk S. Hachigian

Lead Director (Allegion);
Executive Chairman,
JELD-WEN, Inc.

Carla Cico

Former Chief Executive Officer,
Rivoli S.p.A

Michael J. Chesser

Former Chairman and
Chief Executive Officer,
Great Plains Energy Incorporated

Dean I. Schaffer

Martin E. Welch III

Executive Leadership Team



Pictured from left to right:

Top Row: Chris Muhlenkamp, Ray Lewis, Jeff Braun, Todd Graves, Tim Eckersley

Bottom Row: Patrick Shannon, Tracy Kemp, David Petratis, Lúcia Veiga Moretti, William Yu

David Petratis
Chairman, President and Chief Executive Officer

Jeff Braun
Senior Vice President, General Counsel

Tim Eckersley
Senior Vice President, President of the Americas

Todd Graves
Senior Vice President, Engineering & Technology

Tracy Kemp
Senior Vice President, Chief Information Officer

Ray Lewis Jr.
Senior Vice President, Human Resources & Communications

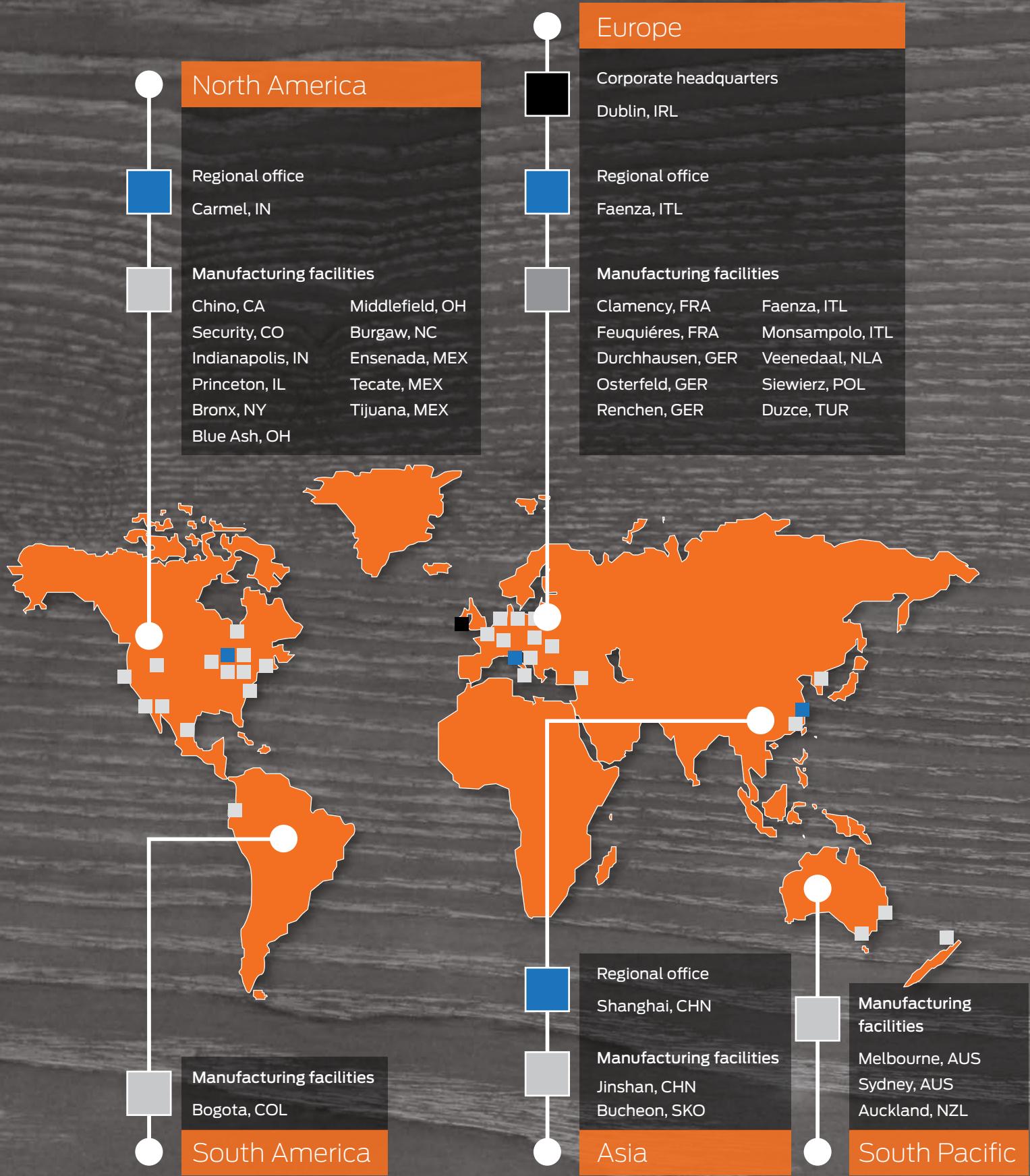
Lúcia Veiga Moretti
Senior Vice President, President of EMEA

Chris Muhlenkamp
Senior Vice President, Global Operations & Integrated Supply Chain

Patrick Shannon
Senior Vice President, Chief Financial Officer

William Yu
Senior Vice President, President of Asia-Pacific

Where we are





Project Environment, health, safety and sustainability statement

At Allegion, we are pioneering safety by protecting people where they live and work and protecting our environment at the same time. We promote the health and safety of our employees, customers and local community members worldwide through our commitment to conducting business in a safe and environmentally responsible manner. We believe in advancing sustainable business practices by setting strong safety standards and improving the environment by operating in accordance with the following principles:

- Periodic, formal evaluation of our EHS compliance;
- Integrity and personal accountability;
- Continual improvement in Environmental, Health and Safety (EHS) performance, including the goals of reducing the usage of natural resources, minimizing waste, reducing pollution and preventing workplace accidents and injuries;
- Integration of sound environmental, health, safety and sustainability strategies into all business functions;
- Designing, operating and maintaining our facilities with the goal of minimizing negative environmental impacts;
- Responsible use of materials, including, where feasible, the recycling and reuse of materials; and
- Sensitivity to community concerns about environmental, health and safety issues.

Applying these principles has positively impacted Allegion's safety and environmental performance. We use a global continuous improvement process called Safety Kaizens to identify, eliminate and reduce hazards and waste. In 2015, we focused on Sustainability, Electrical, Machine Guarding and Ergonomics Kaizens. This resulted in a year-over-year 19-percent reduction in recordable cases, a 17-percent improvement in the Total Recordable Incident Rate (TRIR) and a 70-percent improvement in lost-time days.

Consistent with our principles, the majority of our major manufacturing facilities are registered to the ISO 14001 and ISO 18001 standards, while the remaining locations conform or are actively working to conform to the requirements. Several facilities have also received environmental and safety awards, including the Occupational Safety Health Administration's (OSHA) prestigious Voluntary Protection Program award (VPP).

As a global company, we are taking the initiative to offer environmentally friendly products to better support our communities' sustainability needs. Allegion participates in the Leadership in Energy and Environmental Design (LEED) rating system, among other sustainability initiatives, in an effort to understand the impact of our products on the environment. Additionally, Life Cycle Assessments have been conducted, and Environmental Product Declarations are available for many of our products.

At Allegion, we value the importance of a cleaner world and are committed to being a responsible member of our global communities.

© 2017 Allegion plc. All rights reserved. APTIQ, AXA, BRICARD, BRIO, BRITON, CISA, DEXTER, ENGAGE, FALCON, FSH, FUSION, GLYNN-JOHNSON, INAFER, INTERFLEX, ITO KILIT, IVES, KRYPTONITE, LCN, LEGGE, MILRE, NORMBAU, SCHLAGE, SEGUREX, SIMONSVOSS, STEELCRAFT, VON DUPRIN, and ZERO are the property of Allegion. All other brand names, product names or trademarks are the property of their respective owners.

Allegion is pioneering safety & security

Every day, we put principles into practice. Doing so makes us a stronger company — and better place to work.

Vision



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

Purpose



We create peace of mind
by pioneering safety and security

Values



Serve others,
not yourself



Be curious beyond
the obvious



Enjoy what you do and
celebrate who we are



Be empowered
and accountable



Do the right thing



This is your business,
run with it



Be safe, be healthy



Have a passion
for excellence

Team of experts

We believe that when employees are engaged and can do their best work every day, we can achieve our purpose of creating peace of mind by pioneering safety and security. That's why we continue to invest in our employees—our team of experts—with a long-term plan for creating a culture of engagement. This vision will carry us well into the future.

Values

At our locations around the world, Allegion employees live our values every day. These values guide our business decisions and define our culture. They serve as our foundation as we go about the work of pioneering safety.

Allegion and the community

The collage consists of several overlapping photographs of a large group of people in blue shirts working on a house under construction. A white flag with the Allegion logo and "Habitat for Humanity" is visible. The images are framed by a white grid and set against a dark background.

Thousands of volunteer hours for Habitat for Humanity

Employee and company donations

Mentoring students from around the world

Live. Work. Visit. Protect



At home & on-the-move

Residential
Multi-family
Portable security



At work

Commercial offices and facilities
Government institutions
Energy facilities
Transportation



In your community

Education
Community buildings and recreation centers
Hospitality
Health care facilities



Locks, keys & levers

Cylindrical, mortise, and tubular locks to deadbolts, levers, knobs and master key systems



Portable & out of home

Bicycle, action sport and portable locks, lights, and security.



Electronic access & monitoring

Electronic & connected locks to access management cards, keypads, credentials, readers, software, and services



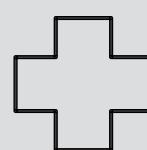
Exits, openers, closers & accessories

Latches, door openers & closers, doors, frames and exit devices.



Other door hardware

Weather stripping and threshold solutions to hinges, lights &



Accessibility & wellness

Innovative antimicrobial design and operating mechanisms that aid

Our brands

| | | | | |
|---|--|---|--|---|
| AXA |  BRICARD | Brio | Briton |  CISA |
| DEXTER | FALCON |  |  | GLYNN-JOHNSON |
|  |  interflex |  | IVES | KRYPTONITE |
| LCN |  |  | NORMBAU |  |
|  | STEELCRAFT |  | VON DUPRIN |  |

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About Allegion™

Allegion (NYSE: ALLE) is a global pioneer in safety and security, with leading brands like CISA®, Interflex®, LCN®, Schlage®, SimonsVoss® and Von Duprin®. Focusing on security around the door and adjacent areas, Allegion produces a range of solutions for homes, businesses, schools and other institutions. Allegion is a \$2 billion company, with products sold in almost 130 countries.

For more, visit www.allegion.com.



allegion.com linkedin.com/company/allegion-plc



Scan here to get more information
on our 2016 performance, or visit:
allegion.com/annualreport

Corporate data

Shareholder Information services

The company's 2016 Annual Report on Form 10-K as filed with the Securities and Exchange Commission, and other company information, is available through Allegion's website, www.allegion.com. Securities analysts, portfolio managers and representatives of institutional investors seeking information about the company should contact:

Tom Martineau
Director, Investor Relations
317-810-3759

Annual general meeting

June __, 2017, 5:00 p.m. CET
Mandarin Oriental
Neuturmstrasse 1
Munich, Germany

Stock Exchange

NYSE Ticker Symbol: ALLE

The most recent certifications by the company's Chief Executive Officer and Chief Financial Officer pursuant 302 of the Sarbanes-Oxley Act of 2002 are filed as exhibits to the company's Form 10-K. The company filed with the New York Stock Exchange an annual CEO certification as required by Section 303A.12(a) of the New York Stock Exchange Listed Company Manual.

Transfer Agent and Registrar

Computershare Telephone Inquiries:
877-660-6629

Website:
www.computershare.com/investor

Address shareholder inquiries with standard priority:

Computershare, P.O. Box 30170
College Station, TX 77842-3170

Address shareholder inquiries with overnight priority:

Computershare, 211 Quality Circle, Suite 210
College Station, TX 77845

Allegion is pioneering safety & security

Every day, we put principles into practice. Doing so makes us a stronger company — and better place to work.

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who we are



Be empowered
and accountable



Do the
right thing



This is your
business,
run with it



Be safe,
be healthy



Have a passion
for excellence

Allegion's story in six words

“**Empowered** people
forge a great company”

Steve | Security, Colorado

“Surprisingly, locks
are unlocking my
opportunities.”

Saranhya | Bangalore, India

“Making things better.
Work. Home.
Community.”

Rebecca | Carmel, Indiana

“**Dream** yesterday.
Invent today.
Release tomorrow.”

Carlos | Erlangen, Germany

“Easy to use,
hard to beat.”

Rick | Carmel, Indiana

“Take the hard out
of **hardware.**”

Sam | Melbourne, Australia