

Allegion (NYSE: ALLE) Reports Q1-2025 Financial Results

Solid execution drives strong margin expansion and operating leverage

Quarterly Financial Highlights

(All comparisons against the first quarter of 2024, unless otherwise noted)

- Net earnings per share (EPS) of \$1.71, up 21.3% compared with \$1.41; Adjusted EPS of \$1.86, up 20.0% compared with \$1.55
- Revenues of \$941.9 million, up 5.4% on a reported basis and up 4.0% on an organic basis
- Operating margin of 20.9%, compared with 19.3%; Adjusted operating margin of 22.7%, up 150 basis points compared with 21.2%

DUBLIN (April 24, 2025) – [Allegion plc](#) (NYSE: ALLE), a leading global security products and solutions provider, today reported financial results for its first quarter (ended March 31, 2025).

“Allegion is off to a strong start in 2025. I’m proud of our team’s execution as we remained agile in a very dynamic environment. I’m especially pleased with the results delivered by our Americas non-residential business, which demonstrate the resiliency of our business model, our broad end market exposure and the depth of our relationships with channel partners and end users,” said Allegion President and CEO John H. Stone.

“We were honored in the quarter with the Gallup Exceptional Workplace Award for the second consecutive year. We acquired two more bolt-on businesses in Q1 – Next Door Company and Lemaar – that expand our core and leverage our channel strengths. Our cash generation is strong, positioning Allegion well for additional capital deployment in 2025 that creates long-term value for our shareholders.”

Company Results

(All comparisons against the first quarter of 2024, unless otherwise noted)

Allegion reported first-quarter 2025 net revenues of \$941.9 million and net earnings of \$148.2 million, or \$1.71 per share. Adjusted net earnings were \$161.2 million, or \$1.86 per share, up 20.0%, excluding items primarily related to restructuring, acquisition and integration expenses, as well as amortization expense related to acquired intangible assets.

First-quarter 2025 net revenues increased 5.4%. On an organic basis, which excludes impacts of acquisitions, divestitures and foreign currency movements, net revenues increased 4.0%, led by the Americas region. The organic revenue increase was driven by price realization and volume growth. Reported revenue reflects a 2.2% positive impact from acquisitions and a 0.8% headwind from foreign currency.

First-quarter 2025 operating income was \$196.4 million, an increase of \$24.3 million or 14.1%. Adjusted operating income in first-quarter 2025 was \$213.4 million, an increase of \$24.1 million or 12.7%.

First-quarter 2025 operating margin was 20.9%, compared with 19.3%. The adjusted operating margin in first-quarter 2025 was 22.7%, compared with 21.2%. The 150-basis-point increase in adjusted operating margin is attributable to favorable volume leverage, mix and acquisitions.

Segment Results

(All comparisons against the first quarter of 2024, unless otherwise noted)

The Americas segment revenues were up 6.8% (up 4.9% on an organic basis). The organic revenue increase was driven by price realization as well as volume growth. The non-residential business was up high-single digits, and the residential business declined mid-single digits. The reported revenue reflects a 2.3% positive impact from acquisitions and a 0.4% headwind from foreign currency. Adjusted operating margin in the region increased 130 basis points to 29.2%.

The International segment revenues decreased 0.3% (up 0.9% on an organic basis). The organic revenue increase was driven by price. Reported revenue reflects a positive impact from acquisitions of 1.8% and a 3.0% headwind from foreign currency. Adjusted operating margin in the region decreased 20 basis points to 10.2%.

Additional Items

(All comparisons against the first quarter of 2024, unless otherwise noted)

Interest expense for first-quarter 2025 was \$24.7 million, an increase of \$1.8 million.

Other income, net for first-quarter 2025 was \$3.5 million, compared to other income, net of \$3.7 million.

The company's effective tax rate for first-quarter 2025 was 15.4% due to timing of discrete items, compared with 19.0%. The company's adjusted effective tax rate for first-quarter 2025 was 16.1%, compared with 19.5%.

Cash Flow and Liquidity

Year-to-date available cash flow for 2025 was \$83.4 million, an increase of \$59.5 million versus the prior-year period. The company ended first-quarter 2025 with cash and cash equivalents of \$494.5 million, as well as total debt of \$1,997.0 million.

Share Repurchase and Dividends

In the first quarter of 2025, the company repurchased approximately 0.3 million shares for approximately \$40 million and paid quarterly dividends of \$0.51 per ordinary share or approximately \$44 million.

2025 Full-Year Outlook

(All comparisons against full-year 2024, unless otherwise noted)

The company is affirming its previously disclosed 2025 full-year outlook, which assumes revenues increase 1% to 3% on a reported basis and increase 1.5% to 3.5% organically, after excluding the expected impacts of acquisitions, divestitures and foreign currency movements.

Given recent volatility in tariffs and foreign exchange rates, the company is not updating its revenue outlook for those assumptions. However, the company sees potential upside to its revenue outlook if current tariff-related pricing actions and foreign exchange rates persist.

The company estimates tariff costs of approximately \$80 million in 2025. The company expects to offset tariffs at the operating profit and EPS level on a full-year basis, primarily through pricing actions. Accordingly, the company's 2025 full-year EPS outlook includes the impact from tariffs enacted as of April 22, 2025.

Full-year 2025 reported EPS is expected to be in the range of \$7.05 to \$7.25, or \$7.65 to \$7.85 on an adjusted basis. The outlook assumes a full-year adjusted effective tax rate of approximately 17% to 18%.

Adjustments to 2025 EPS include estimated impacts of approximately \$0.46 per share for acquisition-related amortization, as well as \$0.14 per share for restructuring and M&A.

The outlook assumes an average diluted share count for the full year of approximately 86.7 million shares.

The company expects full-year available cash flow to be 85% to 90% of adjusted net income.

Conference Call Information

On Thursday, April 24, 2025, President and CEO John H. Stone and Senior Vice President and Chief Financial Officer Mike Wagnes will conduct a conference call for analysts and investors, beginning at 8 a.m. ET, to review the company's results.

A real-time, listen-only webcast of the conference call will be broadcast live online. Individuals wishing to listen may access the call through <https://investor.allegion.com>.

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About Allegion

At Allegion (NYSE: ALLE), we design and manufacture innovative security and access solutions that help keep people safe where they live, learn, work and connect. We're pioneering safety with our strong legacy of leading brands like CISA®, Interflex®, LCN®, Schlage®, SimonsVoss® and Von Duprin®. Our comprehensive portfolio of hardware, software and electronic solutions is sold around the world and spans residential and commercial locks, door closer and exit devices, steel doors and frames, access control and workforce productivity systems. Allegion had \$3.8 billion in revenue in 2024. For more, visit www.allegion.com.

Non-GAAP Measures

This news release includes adjusted 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 company presents operating income, operating margin, earnings before income taxes, effective tax rate, 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) 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 these non-GAAP measures 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. Further information about the adjusted non-GAAP financial tables is attached to this news release. The Full-Year Outlook Highlights and Updated Full-Year Outlook contain non-GAAP financial measures that exclude or otherwise have been adjusted for non-GAAP adjustment items from our U.S. GAAP financial statements. When we provide forward-looking outlooks for any of the various non-GAAP metrics described above, we do not provide reconciliations of the U.S. GAAP measures as we are unable to predict with a reasonable degree of certainty the actual impact of the non-GAAP adjustment items. By their very nature, non-GAAP adjustment items are difficult to anticipate with precision because they are generally associated with unexpected and unplanned events that impact our company and its financial results. Therefore, we are unable to provide a reconciliation of these measures without unreasonable efforts.

Forward-Looking Statements

This press release 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, but not limited to, statements under the headings "2025 Full-Year Outlook Highlights," "2025 Full-Year Outlook" and statements regarding the company's 2025 and future financial performance, the company's business plans and strategy, the company's growth strategy, the company's capital allocation strategy, 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. Forward-looking statements may relate to such matters as projections of revenue, margins, expenses, tax rate and 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. 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 press release 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.

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Source: Allegion plc

ALLEGION PLC
Condensed and Consolidated Income Statements
(In millions, except per share data)

UNAUDITED

	Three months ended March 31,	
	2025	2024
Net revenues	\$ 941.9	\$ 893.9
Cost of goods sold	<u>519.4</u>	<u>502.5</u>
Gross profit	422.5	391.4
Selling and administrative expenses	<u>226.1</u>	<u>219.3</u>
Operating income	196.4	172.1
Interest expense	24.7	22.9
Other income, net	<u>(3.5)</u>	<u>(3.7)</u>
Earnings before income taxes	175.2	152.9
Provision for income taxes	<u>27.0</u>	<u>29.1</u>
Net earnings	<u>\$ 148.2</u>	<u>\$ 123.8</u>
Basic earnings per ordinary share		
attributable to Allegion plc shareholders:	<u>\$ 1.72</u>	<u>\$ 1.41</u>
Diluted earnings per ordinary share		
attributable to Allegion plc shareholders:	<u>\$ 1.71</u>	<u>\$ 1.41</u>
Shares outstanding - basic	86.3	87.6
Shares outstanding - diluted	86.7	88.1

ALLEGION PLC
Condensed and Consolidated Balance Sheets
(In millions)

UNAUDITED

	<u>March 31, 2025</u>	<u>December 31, 2024</u>
ASSETS		
Cash and cash equivalents	\$ 494.5	\$ 503.8
Accounts and notes receivables, net	467.2	418.9
Inventories	443.6	423.0
Other current assets	56.4	76.6
Total current assets	1,461.7	1,422.3
Property, plant and equipment, net	396.8	385.3
Goodwill	1,508.2	1,489.4
Intangible assets, net	568.8	569.0
Other noncurrent assets	628.6	621.8
Total assets	<u>\$ 4,564.1</u>	<u>\$ 4,487.8</u>
LIABILITIES AND EQUITY		
Accounts payable	\$ 249.3	\$ 258.0
Accrued expenses and other current liabilities	398.1	417.0
Short-term borrowings and current maturities of long-term debt	25.0	21.9
Total current liabilities	672.4	696.9
Long-term debt	1,972.0	1,977.6
Other noncurrent liabilities	312.8	312.6
Equity	1,606.9	1,500.7
Total liabilities and equity	<u>\$ 4,564.1</u>	<u>\$ 4,487.8</u>

ALLEGION PLC
Condensed and Consolidated Statements of Cash Flows
(In millions)

UNAUDITED

	Three months ended March 31,	
	2025	2024
Operating Activities		
Net earnings	\$ 148.2	\$ 123.8
Depreciation and amortization	30.0	28.8
Changes in assets and liabilities and other non-cash items	(73.7)	(101.5)
Net cash provided by operating activities	104.5	51.1
Investing Activities		
Capital expenditures	(21.1)	(27.2)
Acquisition of businesses, net of cash acquired	(10.5)	(19.3)
Other investing activities, net	3.6	3.1
Net cash used in investing activities	(28.0)	(43.4)
Financing Activities		
Debt repayments	(3.1)	(3.2)
Dividends paid to ordinary shareholders	(43.6)	(42.1)
Repurchase of ordinary shares	(40.0)	(40.0)
Other financing activities, net	(4.6)	5.3
Net cash used in financing activities	(91.3)	(80.0)
Effect of exchange rate changes on cash and cash equivalents	5.5	(4.0)
Net decrease in cash and cash equivalents	(9.3)	(76.3)
Cash and cash equivalents - beginning of period	503.8	468.1
Cash and cash equivalents - end of period	<u>\$ 494.5</u>	<u>\$ 391.8</u>

SUPPLEMENTAL SCHEDULES**ALLEGION PLC****SCHEDULE 1****SELECTED OPERATING SEGMENT INFORMATION****(In millions)**

	Three months ended March 31,	
	2025	2024
Net revenues		
Allegion Americas	\$ 757.8	\$ 709.3
Allegion International	184.1	184.6
Total net revenues	<u>\$ 941.9</u>	<u>\$ 893.9</u>
Operating income (loss)		
Allegion Americas	\$ 211.4	\$ 187.0
Allegion International	11.7	13.0
Corporate unallocated	(26.7)	(27.9)
Total operating income	<u>\$ 196.4</u>	<u>\$ 172.1</u>

The Company presents operating income, operating margin, effective tax rate, 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), and available cash flow ("ACF", a non-GAAP measure). The Company presents these non-GAAP measures because management believes they provide 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, 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 of 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 divestitures, acquisitions and currency effects; and
- ACF 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.

RECONCILIATION OF GAAP TO NON-GAAP NET EARNINGS

(In millions, except per share data)

	Three months ended March 31, 2025			Three months ended March 31, 2024		
	Reported	Adjustments	Adjusted (non-GAAP)	Reported	Adjustments	Adjusted (non-GAAP)
Net revenues	\$ 941.9	\$ —	\$ 941.9	\$ 893.9	\$ —	\$ 893.9
Operating income	196.4	17.0 ⁽¹⁾	213.4	172.1	17.2 ⁽¹⁾	189.3
<i>Operating margin</i>	<i>20.9 %</i>		<i>22.7 %</i>	<i>19.3 %</i>		<i>21.2 %</i>
Earnings before income taxes	175.2	17.0 ⁽²⁾	192.2	152.9	17.2 ⁽²⁾	170.1
Provision for income taxes	27.0	4.0 ⁽³⁾	31.0	29.1	4.1 ⁽³⁾	33.2
<i>Effective income tax rate</i>	<i>15.4 %</i>		<i>16.1 %</i>	<i>19.0 %</i>		<i>19.5 %</i>
Net earnings	148.2	13.0	161.2	123.8	13.1	136.9
Diluted earnings per ordinary share attributable to						
Allegion plc shareholders:	<u>\$ 1.71</u>	<u>\$ 0.15</u>	<u>\$ 1.86</u>	<u>\$ 1.41</u>	<u>\$ 0.14</u>	<u>\$ 1.55</u>

(1) Adjustments to operating income for the three months ended March 31, 2025, consist of \$2.1 million of restructuring charges and acquisition and integration expenses and \$14.9 million of amortization expense related to acquired intangible assets. Adjustments to operating income for the three months ended March 31, 2024, consist of \$3.3 million of restructuring charges and acquisition and integration expenses, and \$13.9 million of amortization expense related to acquired intangible assets.

(2) Adjustments to earnings before income taxes for the three months ended March 31, 2025, and 2024, consist of the adjustments to operating income discussed above.

(3) Adjustments to the provision for income taxes for the three months ended March 31, 2025, and 2024, consist of \$4.0 million and \$4.1 million, respectively, of tax expense related to the excluded items discussed above.

RECONCILIATION OF GAAP TO NON-GAAP REVENUE AND OPERATING INCOME BY REGION
(In millions)

	Three months ended March 31, 2025		Three months ended March 31, 2024	
	As Reported	Margin	As Reported	Margin
Allegion Americas				
Net revenues (GAAP)	\$ 757.8		\$ 709.3	
Operating income (GAAP)	\$ 211.4	27.9 %	\$ 187.0	26.4 %
Restructuring charges	0.1	— %	0.1	— %
Acquisition and integration costs	0.7	0.1 %	1.9	0.3 %
Amortization of acquired intangible assets	8.7	1.2 %	8.3	1.2 %
Adjusted operating income	220.9	29.2 %	197.3	27.9 %
Depreciation and amortization of nonacquired intangible assets	10.2	1.3 %	9.2	1.3 %
Adjusted EBITDA	\$ 231.1	30.5 %	\$ 206.5	29.2 %
Allegion International				
Net revenues (GAAP)	\$ 184.1		\$ 184.6	
Operating income (GAAP)	\$ 11.7	6.3 %	\$ 13.0	7.0 %
Restructuring charges	0.6	0.3 %	0.3	0.2 %
Acquisition and integration costs	0.3	0.2 %	0.4	0.2 %
Amortization of acquired intangible assets	6.2	3.4 %	5.6	3.0 %
Adjusted operating income	18.8	10.2 %	19.3	10.4 %
Depreciation and amortization of nonacquired intangible assets	4.2	2.3 %	4.6	2.5 %
Adjusted EBITDA	\$ 23.0	12.5 %	\$ 23.9	12.9 %
Corporate				
Operating loss (GAAP)	\$ (26.7)		\$ (27.9)	
Restructuring charges	—		0.1	
Acquisition and integration costs	0.4		0.5	
Adjusted operating loss	(26.3)		(27.3)	
Depreciation and amortization of nonacquired intangible assets	0.2		0.2	
Adjusted EBITDA	\$ (26.1)		\$ (27.1)	
Total				
Net revenues	\$ 941.9		\$ 893.9	
Adjusted operating income	\$ 213.4	22.7 %	\$ 189.3	21.2 %
Depreciation and amortization of nonacquired intangible assets	14.6	1.5 %	14.0	1.6 %
Adjusted EBITDA	\$ 228.0	24.2 %	\$ 203.3	22.8 %

RECONCILIATION OF CASH PROVIDED BY OPERATING ACTIVITIES TO AVAILABLE CASH FLOW AND NET EARNINGS TO ADJUSTED EBITDA

(In millions)

	Three months ended March 31,	
	2025	2024
Net cash provided by operating activities	\$ 104.5	\$ 51.1
Capital expenditures	(21.1)	(27.2)
Available cash flow	<u>\$ 83.4</u>	<u>\$ 23.9</u>
	Three months ended March 31,	
	2025	2024
Net earnings (GAAP)	\$ 148.2	\$ 123.8
Provision for income taxes	27.0	29.1
Interest expense	24.7	22.9
Amortization of acquired intangible assets	14.9	13.9
Depreciation and amortization of nonacquired intangible assets	14.6	14.0
EBITDA	<u>229.4</u>	<u>203.7</u>
Other income, net	(3.5)	(3.7)
Acquisition and integration costs and restructuring charges	2.1	3.3
Adjusted EBITDA	<u>\$ 228.0</u>	<u>\$ 203.3</u>

RECONCILIATION OF GAAP REVENUE GROWTH TO NON-GAAP ORGANIC REVENUE GROWTH BY REGION

	Three months ended March 31,	
	2025	2024
Allegion Americas		
Revenue growth (GAAP)	6.8 %	(4.3)%
Acquisitions	(2.3)%	— %
Currency translation effects	0.4 %	— %
Organic growth (non-GAAP)	4.9 %	(4.3)%
Allegion International		
Revenue growth (GAAP)	(0.3)%	1.4 %
Acquisitions	(1.8)%	(1.4)%
Currency translation effects	3.0 %	(0.8)%
Organic growth (non-GAAP)	0.9 %	(0.8)%
Total		
Revenue growth (GAAP)	5.4 %	(3.2)%
Acquisitions	(2.2)%	(0.3)%
Currency translation effects	0.8 %	(0.1)%
Organic growth (non-GAAP)	4.0 %	(3.6)%