Allegion plc (ALLE)

Updated November 4th, 2025 by Jonathan Weber

Key Metrics

Current Price:	$166	**5 Year Annual Expected Total Return:**	9.7%	**Market Cap:**	$14B
Fair Value Price:	$163	**5 Year Growth Estimate:**	9.0%	**Ex-Dividend Date:**	12/13/25[1]
% Fair Value:	102%	**5 Year Valuation Multiple Estimate:**	-0.4%	**Dividend Payment Date:**	12/30/25[2]
Dividend Yield:	1.2%	**5 Year Price Target**	$251	**Years Of Dividend Growth:**	11
Dividend Risk Score:	B	**Sector:**	Industrials	**Rating:**	Hold

Overview & Current Events

Allegion plc is a security products and security solutions company that operates around the world. Allegion offers solutions and products for door controls, access controls, door and lock systems, and so on. It offers aftermarket services to its customers as well, which includes maintenance and similar services. Its customers include retail, hospitality, healthcare, etc. businesses, but the company also works for residential customers. Allegion plc is headquartered in Dublin, Ireland, but reports its results in US Dollars. The company was incorporated in 2013 and has increased its dividend reliably in its history as a publicly traded company.

When the company released its earnings report for its fiscal third quarter on October 23, Allegion showed revenues of $1.07 billion, which was around 11% more than during the previous year's quarter. Sales were slightly higher than expected, beating the analyst consensus estimate by $20 million. On an organic basis, accounting for M&A and currency rate fluctuations, Allegion grew its revenues by a still solid 6% compared to one year earlier.

When it comes to Allegion's bottom line, the company outperformed expectations as well, delivering earnings-per-share of $2.30, which was $0.06 more than what the analyst community had forecasted. Earnings-per-share were up 7% compared to one year earlier on an adjusted basis, while GAAP earnings-per-share rose by 10% year-over-year. The company's guidance for the current year implies that Allegion will grow its revenues by around 3% to 5% on an organic basis, while Allegion is forecasting to see its earnings-per-share come in around $8.10 to $8.20 this year.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2029
EPS	$1.59	$2.36	$2.85	$4.54	$4.26	$3.39	$5.34	$5.19	$6.12	$6.82	***$8.15***	***$12.54***
DPS	$0.40	$0.48	$0.64	$0.84	$1.08	$1.28	$1.44	$1.64	$1.80	$1.92	***$2.04***	***$3.00***
Shares[3]	96.9	96.9	96.0	95.7	94.3	92.8	90.5	88.3	88.3	87.6	***87.0***	***82.0***

Allegion has grown its earnings-per-share and its dividend at an attractive rate in the past. The company's earnings-per-share growth rate over the last nine years is 18%, and the dividend has grown at a relatively comparable pace over that time frame. Maintaining a very high relative growth rate becomes harder over time, however, which is why Allegion will likely grow somewhat less going forward – we see this trend play out in recent years already. We still forecast an attractive earnings-per-share growth rate of around 9% going forward – less than the historic growth rate, but still quite compelling. We also believe that the company will continue to grow its dividend reliably and at an attractive pace in the future, as it has done in the past.

Allegion's earnings-per-share growth will rest on several pillars. The first of these is organic growth, as Allegion addresses a growing market and since it invests in its business every year. On top of that, Allegion has pursued acquisitions in the past and will likely do the same in the future. Tuck-in acquisitions strengthen Allegion's position in key markets over time and are relatively easy to digest. Buybacks have been a small per-share growth booster as well.

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[1] Estimated date

[2] Estimated date

[3] Share count is in millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2029
Avg. P/E	41.5	40.3	33.7	17.6	29.2	34.3	24.8	19.7	24.4	19.2	***20.4***	***20.0***
Avg. Yld.	0.6%	0.5%	0.7%	1.1%	0.9%	1.1%	1.1%	1.6%	1.2%	1.5%	***1.2%***	***1.2%***

Allegion has seen its earnings multiple move in a wide range over the last decade, from the high teens to more than 40. Since we expect Allegion to grow somewhat slower going forward, relative to the past growth rate, our target earnings multiple is lower than the 10-year average. Our fair value earnings multiple implies that Allegion will not see meaningful changes in its valuation going forward, as shares trade close to our fair value estimate today.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2029
Payout	25%	20%	22%	19%	25%	38%	27%	32%	29%	28%	***25%***	***24%***

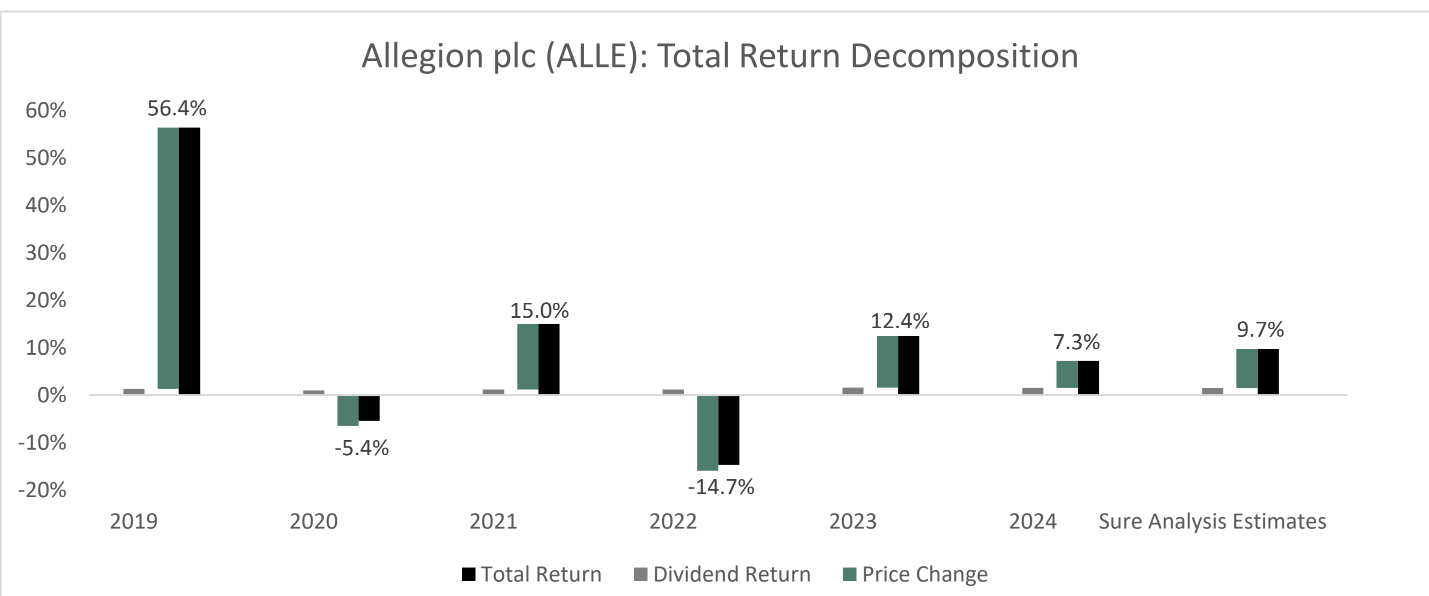
While Allegion's dividend payout ratio has experienced some ups and downs on a year-over-year basis over the last decade, there was no clear trend: The dividend payout ratio for the current year is almost the same compared to ten years ago. At around one-fourth of its net profits, the dividend is relatively small on a relative basis and looks pretty secure. We believe that there is little risk of a dividend cut.

Allegion was not yet publicly traded during the Great Recession, so we have no data on how the company performs during such a downturn. During the COVID pandemic, Allegion experienced a profit decline in 2020, but that was short-lived, and the company managed to hit new record profits in the year after. Overall, Allegion's business is not very cyclical, although the residential business is to some degree dependent on the housing market – more completions mean more business for the company, all else equal.

Final Thoughts & Recommendation

Allegion is not a large and well-known company, but this security player has delivered highly appealing business results, earnings-per-share, and dividend growth in the past. Right now, Allegion trades around our fair value target, and the total return outlook is very solid, which is why we rate Allegion a Hold.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	2,068	2,238	2,408	2,732	2,854	2,720	2,867	3,272	3,651	3,772
Gross Profit	869	990	1,073	1,173	1,252	1,179	1,205	1,322	1,582	1,669
Gross Margin	42.0%	44.2%	44.6%	43.0%	43.9%	43.3%	42.0%	40.4%	43.3%	44.2%
SG&A Exp.	511	555	580	648	681	636	675	736	866	888
D&A Exp.	53	67	67	86	83	81	83	98	112	119
Operating Profit	359	434	493	526	571	543	530	586	716	781
Operating Margin	17.3%	19.4%	20.5%	19.2%	20.0%	20.0%	18.5%	17.9%	19.6%	20.7%
Net Profit	154	229	273	435	402	314	483	458	540	598
Net Margin	7.4%	10.2%	11.3%	15.9%	14.1%	11.6%	16.8%	14.0%	14.8%	15.8%
Free Cash Flow	222	335	298	409	423	443	443	396	516	583
Income Tax	55	64	119	40	73	51	41	56	77	101

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	2,263	2,247	2,542	2,810	2,967	3,069	3,051	3,991	4,312	4,488
Cash & Equivalents	200	312	466	284	355	480	398	288	468	504
Accounts Receivable	303	260	297	325	330	322	283	396	413	419
Inventories	204	221	240	280	270	283	380	479	439	423
Goodwill & Int. Ass.	1,087	1,074	1,156	1,430	1,384	1,306	1,251	2,022	2,016	2,058
Total Liabilities	2,233	2,131	2,137	2,156	2,207	2,237	2,289	3,047	2,993	2,987
Accounts Payable	175	180	188	235	221	220	259	281	259	258
Long-Term Debt	1,523	1,464	1,477	1,445	1,428	1,430	1,442	2,095	2,015	2,000
Shareholder's Equity	26	113	402	651	757	829	759	942	1,318	1,501
LTD/E Ratio	59.50	12.92	3.68	2.22	1.89	1.72	1.90	2.22	1.53	1.33

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	7.2%	10.2%	11.4%	16.3%	13.9%	10.4%	15.8%	13.0%	13.0%	13.6%
Return on Equity	639%	313.6%	105%	82.1%	56.8%	39.5%	60.6%	53.7%	47.8%	42.4%
ROIC	10.9%	14.6%	15.8%	21.8%	18.7%	14.1%	21.6%	17.5%	17.0%	17.5%
Shares Out.	96.9	96.9	96.0	95.7	94.3	92.8	90.5	88.3	88.3	87.6
Revenue/Share	21.34	23.10	25.09	28.54	30.27	29.31	31.68	37.05	41.35	43.06
FCF/Share	2.29	3.46	3.10	4.27	4.48	4.78	4.90	4.48	5.85	6.65

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.