Allegion plc (ALLE)

Updated August 13th, 2026 by Jonathan Weber

Key Metrics

Current Price:	$166	**5 Year CAGR Estimate:**	9.6%	**Market Cap:**	$14B
Fair Value Price:	$170	**5 Year Growth Estimate:**	8.0%	**Ex-Dividend Date:**	09/13/26[1]
% Fair Value:	98%	**5 Year Valuation Multiple Estimate:**	0.4%	**Dividend Payment Date:**	09/30/26[2]
Dividend Yield:	1.3%	**5 Year Price Target**	$249	**Years Of Dividend Growth:**	12
Dividend Risk Score:	B	**Sector:**	Industrials	**Rating:**	Buy

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 U.S. Dollars. The company was incorporated in 2013 and has increased its dividend reliably in its history as a publicly traded company.

Allegion reported its fiscal second quarter results on July 23rd. The company showed revenues of $1.15 billion, which was around 13% more than during the previous year's quarter. Sales were a little higher than expected, unlike during the previous quarter, when the company hit the consensus estimate. On an organic basis, accounting for M&A and currency rate fluctuations, Allegion grew its revenues by 7% compared to one year earlier.

When it comes to Allegion's bottom line, the company outperformed expectations, delivering earnings-per-share of $2.40, which was $0.18 more than what the analyst community had forecasted. Earnings-per-share were up 18% compared to one year earlier on an adjusted basis. 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 $8.85 to $9.00 this year.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$2.36	$2.85	$4.54	$4.26	$3.39	$5.34	$5.19	$6.12	$6.82	$8.14	***$8.93***	***$13.12***
DPS	$0.48	$0.64	$0.84	$1.08	$1.28	$1.44	$1.64	$1.80	$1.92	$2.04	***$2.20***	***$3.09***
Shares[3]	96.9	96.0	95.7	94.3	92.8	90.5	88.3	88.3	87.6	86.6	***86.0***	***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 has been in the double-digits, and the dividend has grown at a nice pace over that time frame as well. Maintaining a very high relative growth rate becomes harder over time, however, which is why Allegion will likely grow somewhat less going forward – we have seen this trend play out in recent years already. We 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.

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	40.3	33.7	17.6	29.2	34.3	24.8	19.7	24.4	19.2	19.5	***18.6***	***19.0***
Avg. Yld.	0.5%	0.7%	1.1%	0.9%	1.1%	1.1%	1.6%	1.2%	1.5%	1.3%	***1.3%***	***1.2%***

Allegion has seen its earnings multiple move in a wide range over the last decade, from the mid-teens to more than 40. Since we expect Allegion to grow slower going forward, relative to the past growth rate, our target earnings multiple is lower than the 10-year average. We still see some minor upside potential towards our fair value earnings multiple of 19.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	20%	22%	19%	25%	38%	27%	32%	29%	28%	25%	***25%***	***24%***

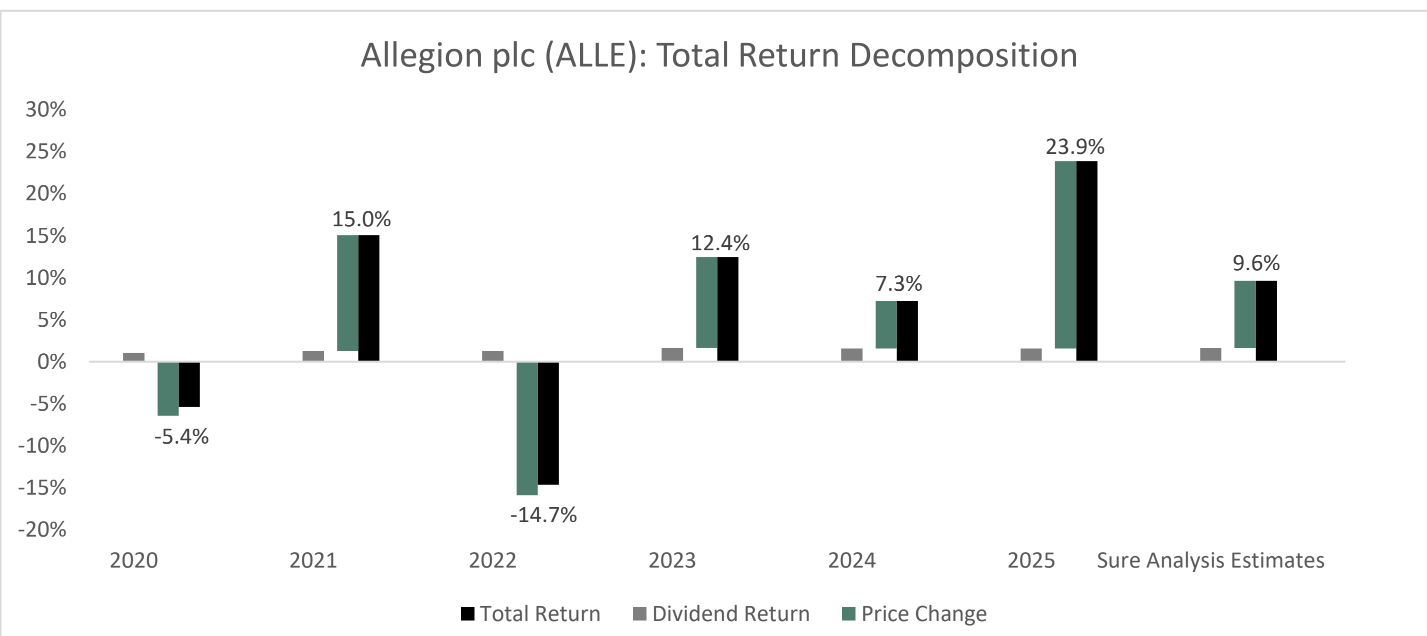
While Allegion's dividend payout ratio has experienced some ups and downs on a year-over-year basis over the last decade, there was no clear trend: The dividend payout ratio for the current year is almost the same compared to ten years ago. At around one-fourth of its net profits, the dividend is relatively 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 slightly below our fair value target, and the total return outlook is compelling, which is why we rate Allegion a buy.

Total Return Breakdown by Year



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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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	2,238	2,408	2,732	2,854	2,720	2,867	3,272	3,651	3,772	4,067
Gross Profit	981	1,072	1,171	1,248	1,179	1,205	1,326	1,582	1,669	1,838
Gross Margin	43.8%	44.5%	42.9%	43.7%	43.3%	42.0%	40.5%	43.3%	44.2%	45.2%
SG&A Exp.	560	583	648	687	636	675	736	866	888	-
D&A Exp.	67	67	86	83	81	83	98	112	119	133
Operating Profit	423	501	540	585	566	540	620	737	792	874
Operating Margin	18.9%	20.8%	19.8%	20.5%	20.8%	18.8%	19.0%	20.2%	21.0%	21.5%
Net Profit	231	277	435	402	315	483	458	541	598	644
Net Margin	10.3%	11.5%	15.9%	14.1%	11.6%	16.9%	14.0%	14.8%	15.8%	15.8%
Free Cash Flow	335	298	409	423	443	443	396	516	583	686
Income Tax	64	119	40	73	51	41	56	77	101	125

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	2,247	2,542	2,810	2,967	3,069	3,051	3,991	4,312	4,488	5,224
Cash & Equivalents	313	466	293	359	480	398	288	468	504	356
Accounts Receivable	260	297	325	330	322	283	396	413	419	438
Inventories	221	240	280	270	283	380	479	439	423	519
Goodwill & Int.	1,074	1,156	1,430	1,384	1,306	1,251	2,022	2,016	2,058	2,738
Total Liabilities	2,131	2,137	2,156	2,207	2,237	2,289	3,047	2,993	2,987	3,156
Accounts Payable	180	188	235	221	220	259	281	259	258	245
Long-Term Debt	1,464	1,477	1,445	1,509	1,496	1,505	2,164	2,132	2,114	2,109
Shareholder's Equity	113	402	651	757	829	759	942	1,318	1,501	2,068
LTD/E Ratio	12.92	3.68	2.22	1.99	1.84	2.02	2.33	1.64	1.43	1.04

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	10.2%	11.6%	16.3%	13.9%	10.4%	15.8%	13.0%	13.0%	13.6%	13.3%
Return on Equity	317%	106.0%	82.2%	56.9%	39.5%	60.6%	53.7%	47.8%	42.4%	36.1%
ROIC	14.7%	16.0%	21.9%	18.4%	13.6%	20.8%	16.9%	16.3%	16.7%	16.4%
Shares Out.	96.9	96.0	95.7	94.3	92.8	90.5	88.3	88.3	87.6	86.6
Revenue/Share	23.10	25.09	28.54	30.27	29.31	31.68	37.05	41.35	43.06	46.97
FCF/Share	3.46	3.10	4.27	4.48	4.78	4.90	4.48	5.85	6.65	7.92

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