2nd Quarter 2022 Earnings Presentation

July 26, 2022

Armstrong WORLD INDUSTRIES

Safe Harbor Statement

Our disclosures in this presentation, including without limitation, those relating to future financial results market conditions and guidance, the impacts of COVID-19 on our business, and in our other public documents and comments contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act. Those statements provide our future expectations or forecasts and can be identified by our use of words such as “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” “outlook,” “target,” “predict,” “may,” “will,” “would,” “could,” “should,” “seek,” and other words or phrases of similar meaning in connection with any discussion of future operating or financial performance. Forward-looking statements, by their nature, address matters that are uncertain and involve risks because they relate to events and depend on circumstances that may or may not occur in the future. As a result, our actual results may differ materially from our expected results and from those expressed in our forward-looking statements. A more detailed discussion of the risks and uncertainties that may affect our ability to achieve the projected performance is included in the “Risk Factors” and “Management’s Discussion and Analysis” sections of our reports on Form 10-K and 10-Q filed with the U.S. Securities and Exchange Commission (“SEC”). Forward-looking statements speak only as of the date they are made. We undertake no obligation to update any forward-looking statements beyond what is required under applicable securities law.

In addition, we will be referring to non-GAAP financial measures within the meaning of SEC Regulation G.
A reconciliation of the differences between these measures with the most directly comparable financial measures calculated in accordance with Generally Accepted Accounting Principles (“GAAP”) are included within this presentation and available on the Investor Relations page of our website at www.armstrongceilings.com.

The guidance in this presentation is only effective as of the date given, July 26, 2022, and will not be updated or affirmed unless and until we publicly announce updated or affirmed guidance.

Basis of Presentation Explanation

- Results throughout this presentation are presented on a normalized basis.
- We remove the impact of certain discrete expenses and income in certain measures including adjusted net sales, adjusted EBITDA, adjusted diluted earnings per share (EPS) and adjusted free cash flow. The Company excludes certain acquisition related expenses (i.e. – changes in the fair value of earn-outs, deferred compensation accruals[1], impact of adjustments related to the fair value of inventory and deferred revenue) for recent acquisitions. The Company excludes all acquisition-related amortization from adjusted earnings from continuing operations and in calculations of adjusted diluted earnings per share. Examples of other excluded items include plant closures, restructuring actions and related costs, impairments, separation costs, environmental site expenses and related insurance recoveries, endowment level charitable contributions, and certain other gains and losses. The Company also adjusts for our U.S. Retirement Income Plan (RIP) (credit) expense[2].
- Our tax rate may be adjusted for certain discrete items which are identified in the footnotes.
- Investors should not consider non-GAAP measures as a substitute for GAAP measures.
- Non-GAAP figures are rounded to the nearest million and corresponding percentages are rounded to the nearest percent based on unrounded figures.

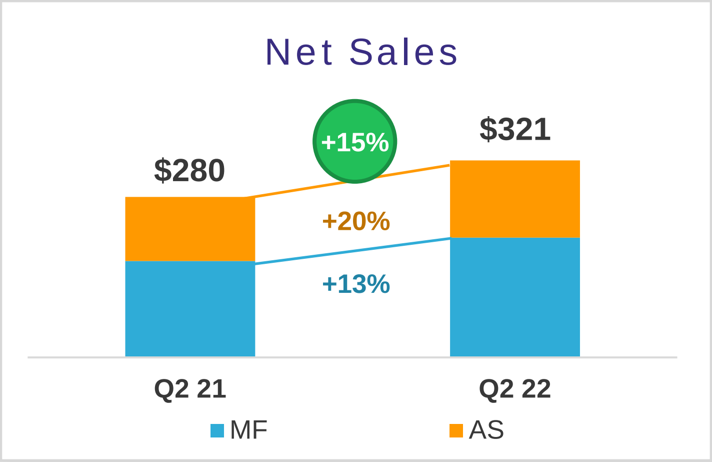
All dollar figures throughout the presentation are in $ millions, except per share data, and all comparisons are versus prior year unless otherwise noted. Figures may not sum due to rounding.

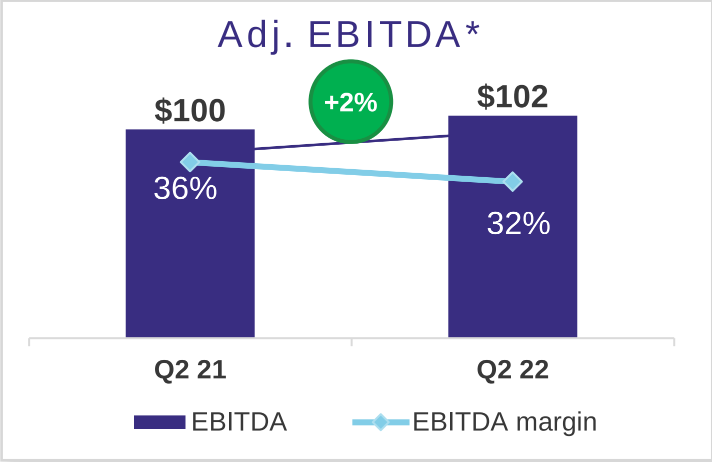
(1) The deferred compensation accruals are for cash and stock awards that will be recorded over the vesting period, as such payments are subject to the sellers' and employees' continued employment with the Company.
(2) RIP (credit) expense represents the entire actuarial net periodic pension (credit) expense recorded as a component of earnings from continuing operations. For all periods presented, we were not required to and did not make cash contributions to our RIP.

Double-Digit Sales Improvement Driven by MF AUV and AS Growth

Q2 2022 Summary

1. **15% increase in Net Sales from prior-year driven by both Mineral Fiber ("MF") and Architectural Specialties ("AS")**
2. **Mineral Fiber Average Unit Value ("AUV") growth of 12%, driven by positive like-for-like pricing**
3. **Another record quarter for AS sales; strong AS EBITDA growth with year-over-year margin expansion of 160 bps**
4. **Adjusted EBITDA pressured by inflation, SG&A increases and a decline in WAVE[1] earnings**





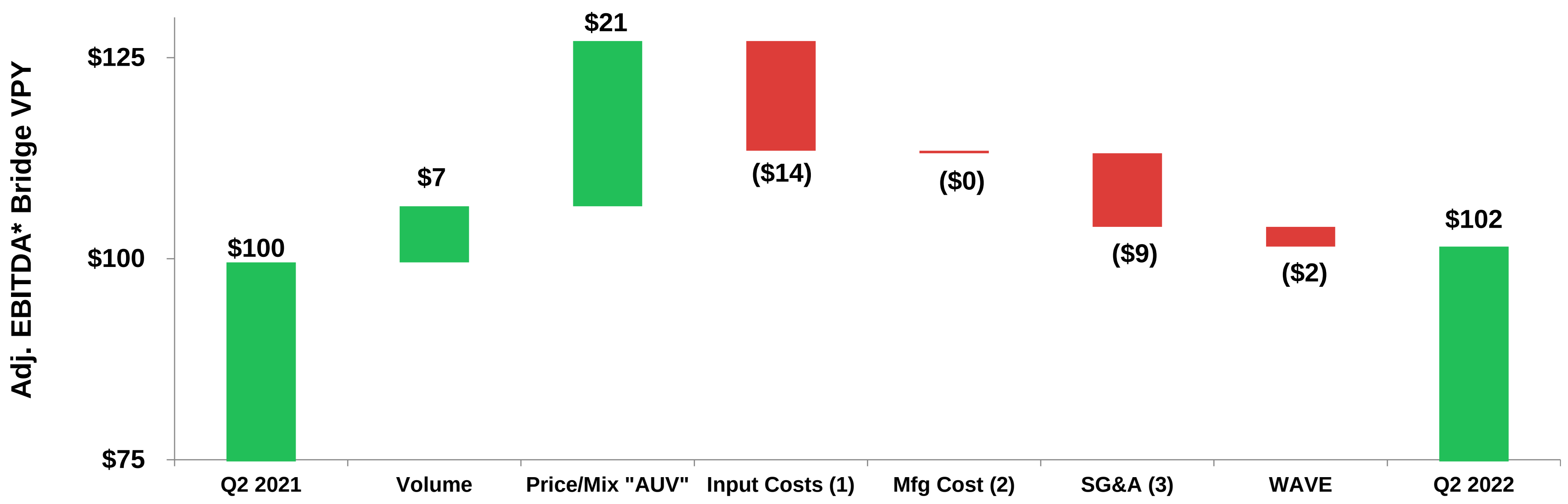
*Non-GAAP measure. See appendix for reconciliation to nearest GAAP measure.

1) Worthington Armstrong Joint Venture ("WAVE").

Positive AUV & Volumes Offset by Inflation & SG&A

Q2 2022 Consolidated Company Key Metrics

	Q2 2021	Q2 2022	Variance
Adj. Net Sales	$280	$321	15%
Adj. EBITDA*	$100	$102	2%
Adj. EBITDA Margin*(%)	35.6%	31.6%	(390bps)
Adj. Diluted Earnings Per Share*	$1.16	$1.29	11%

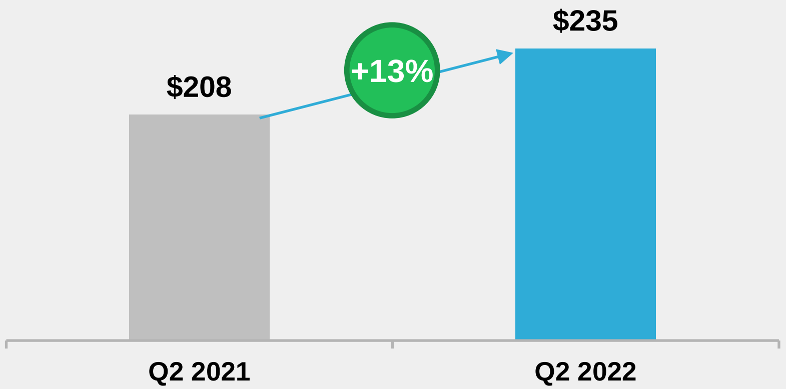


(1) Includes raw material, energy, freight and inventory valuation (e.g. FIFO) impacts throughout presentation.
(2) Excludes change in depreciation throughout presentation.
(3) Excludes change in amortization throughout presentation.
*Non-GAAP measure. See appendix for reconciliation to nearest GAAP measure.

Favorable MF AUV and Volume Rebound Muted by Inflation

Mineral Fiber Q2 2022 Results

Net Sales



Mineral Fiber Key Highlights

- AUV up 12% vs. Q2 2021 on positive like-for-like pricing
- Sales volume growth versus strong prior-year result despite slow start to quarter
- Manufacturing productivity gains provide some offset to inflationary pressures on cost of goods sold

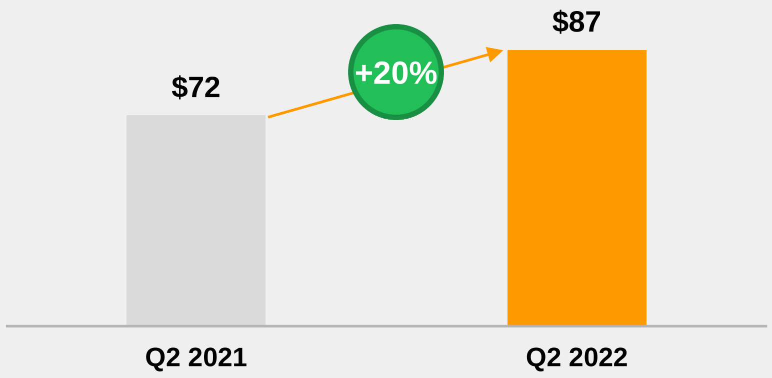
	Q1	Q2	Current Quarter Comments
2021 Adjusted EBITDA*	**$78**	**$90**	
AUV	18	21	Strong like-for-like pricing
Volume	(6)	1	Positive volume vs strong prior-year period
Manufacturing	(1)	1	Manufacturing productivity more than offset inflationary pressures
Input costs[1]	(6)	(14)	Accelerating raw material, energy and freight costs
SG&A	(7)	(7)	Investment to support growth initiatives and increased incentive compensation expenses
WAVE	(3)	(2)	Increased steel costs partially offset by favorable price
2022 Adjusted EBITDA*	**$74**	**$89**	**Q2 MF EBITDA margin contracted (540bps)**
% Change	**(5%)**	**(2%)**	

(1) Includes raw material, energy, freight and inventory valuation (e.g. FIFO) impacts throughout presentation.
*Non-GAAP measure. See appendix for reconciliation to nearest GAAP measure.

Record-Setting Sales Performance and Strong EBITDA Growth

Architectural Specialties Q2 2022 Results

Net Sales



Key Highlights

- Net Sales up 20% on recent acquisition performance, positive impact from pricing actions and an increase in custom project sales
- Adjusted EBITDA* up 35% on sales fall through with adjusted EBITDA* margin expansion of 160 bps, driven by improved operational leverage
- Strong order intake continued in the quarter

	Q1	Q2	Current Quarter Comments
2021 Adjusted EBITDA*	**$7**	**$10**	
Adj. Net Sales*	9	6	Strong 2020 acquisition performance compared to prior year period, benefits from price increases and an increase in custom project sales
Period Expense	-	(1)	
SG&A	(3)	(2)	Investments in selling capabilities and incentive compensation
2022 Adjusted EBITDA*	**$13**	**$13**	**Q2 AS EBITDA margin expanded 160bps**
% Change	**88%**	**35%**	

*Non-GAAP measure. See appendix for reconciliation to nearest GAAP measure.

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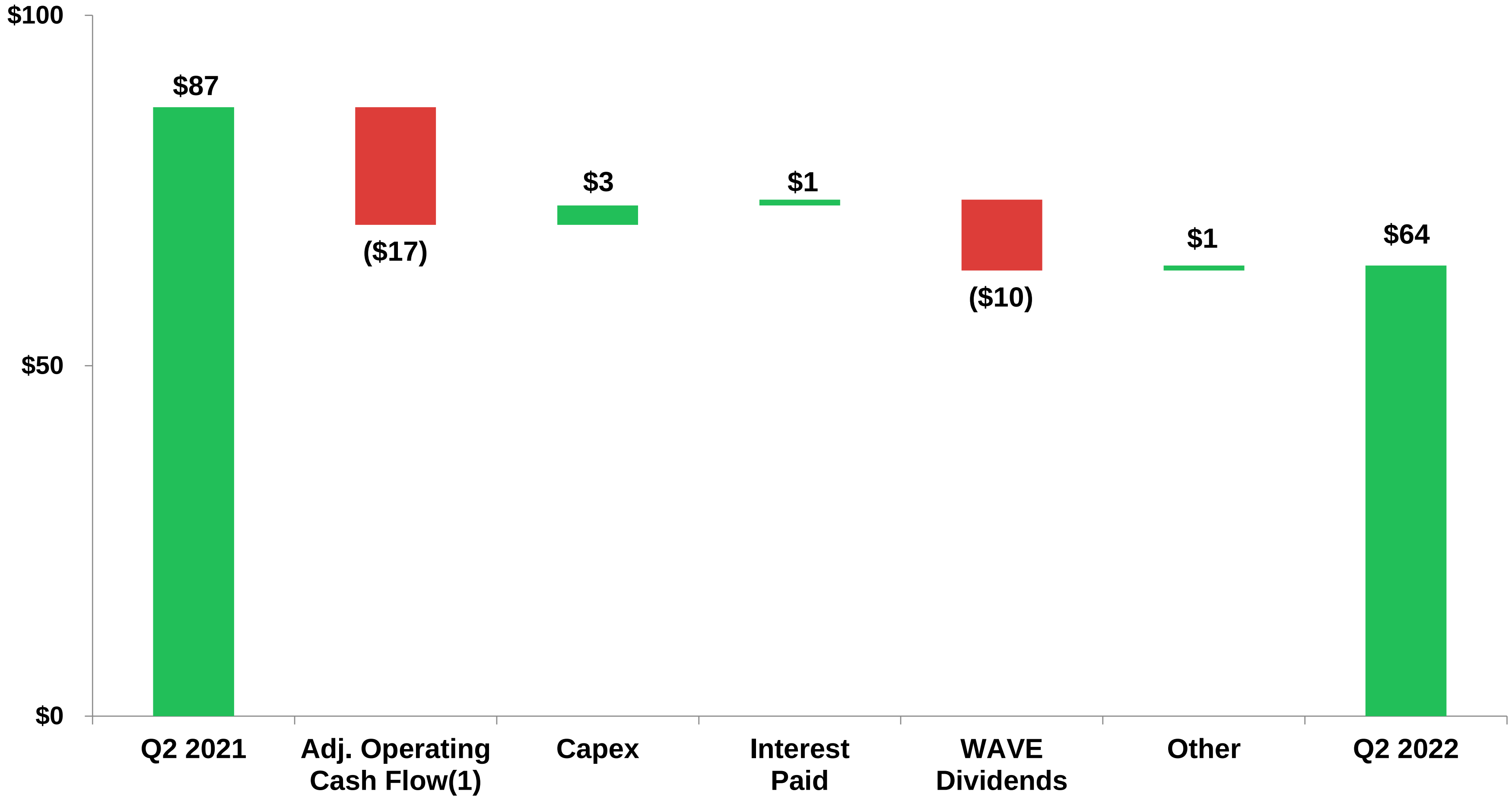
Adjusted Free Cash Flow Decline Driven by Working Capital Impacts and Lower WAVE Dividends

Adj. Free Cash Flow* YTD Second Quarter 2022 vs. PY



*Non-GAAP measure. See appendix for reconciliation to nearest GAAP measure. (1) Includes cash earnings, working capital and other current assets and liabilities.

Favorable AUV and Positive Volumes Pressured by Costs

Q2 YTD 2022 Consolidated Company Key Metrics

	YTD 2021	YTD 2022	Variance
Adj. Net Sales*	$533	$604	13%
Adj. EBITDA*	$185	$189	2%
Adj. EBITDA Margin*(%)	34.7%	31.3%	(340bps)
Adj. Diluted Earnings Per Share*	$2.11	$2.30	9%
Adj. Free Cash Flow*	$87	$64	(26%)

*Non-GAAP measure. See appendix for reconciliation to nearest GAAP measure.

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Updating 2022 Guidance

Double-digit growth on both top and bottom line

	2021 Actual	2022 Guidance	(Changes in assumptions) Key Assumptions
Net Sales	**$1,107**	**$1,225 – $1,245** **11% – 13% YoY**	• MF AUV **+11% to +13%** on positive like-for-like pricing & mix benefits • Benefits from growth initiatives and market recovery offsetting distributor inventory destock to drive **0% to +2% MF volume** • AS >10%; guidance does not include any future acquisitions
Adjusted EBITDA*	**$372**	**$410 – $420** **10% – 13% YoY**	• Higher than average AUV fall through and price over inflation • Manufacturing productivity and 2nd half improvements in WAVE earnings • Investing to support growth initiatives • AS margin expansion
Adjusted Diluted EPS*	**$4.36**	**$5.10 – $5.20** **17% – 19% YoY**	• ~$25 million of interest expense • **~24% book tax rate** • $66 million depreciation, $16 million amortization, of which ~$8 million of acquisition amortization is excluded • **~46.7 million average diluted shares outstanding**
Adjusted Free Cash Flow*	**$190**	**$215 – $235** **13% – 24% YoY**	• **$75 - $85 million of capital expenditures** • $20 - $25 million of cash interest expense • Cash tax rate 20% - 25%

*Non-GAAP measure. See appendix for reconciliation to nearest GAAP measure.

Appendix

Q2 2022 Adjusted EBITDA Reconciliation

	For the Three Months Ended June 30th,			For the Six Months Ended June 30th,		
	2022	2021	V	2022	2021	V
Earnings from continuing operations, Reported	$52	$55	($3)	$97	$93	$4
Add: Income tax expense, as reported	15	19	(4)	30	31	(1)
Earnings before tax, Reported	$67	$74	($7)	$127	$124	$3
Add: Interest/other income and expense, net	4	4	-	8	8	-
Operating Income, Reported	$72	$78	($7)	$135	$132	$2
Add: RIP expense (1)	1	1	-	2	2	-
Add (Less): Acquisition-related impacts (2)	8	(6)	14	10	(2)	12
Add: Depreciation	17	16	1	33	31	2
Add: Amortization	4	10	(6)	9	21	(12)
Adjusted EBITDA	$102	$100	$2	$189	$185	$4

(1) RIP expense represents only the plan service cost that is recorded within Operating Income. For all periods presented, we were not required to and did not make cash contributions to our RIP.
(2) Represents the impact of acquisition-related adjustments for the fair value of acquired inventory and deferred revenue, changes in fair value of contingent consideration and deferred compensation & restricted stock expenses.

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Q2 2022 Adjusted Diluted Earnings per Share Reconciliation

	For the Three Months Ended June 30,					For the Six Months Ended June 30,				
	2022	Per Diluted Share	2021	Per Diluted Share	V	2022	Per Diluted Share	2021	Per Diluted Share	V
Earnings from continuing operations, Reported	$52	$1.11	$55	$1.14	($3)	$97	$2.05	$93	$1.92	$4
Add: Income tax expense, reported	15		19		(4)	30		31		(1)
Earnings from continuing operations before income taxes, Reported	$67		$74		($7)	$127		$124		$3
Add (Less): Acquisition-related impacts (1)	8		(6)		14	10		(2)		12
Add: Acquisition-related amortization (2)	2		7		(5)	5		14		(9)
Adjusted earnings from continuing operations before income taxes	$77		$75		$2	$142		$136		$6
(Less): Adjusted income tax expense (3)	(17)		(19)		2	(34)		(34)		1
Adjusted net income from continuing operations	$60	$1.29	$56	$1.16	$4	$108	$2.30	$101	$2.11	$7
Adjusted Diluted EPS change versus prior year		11%					9%			
Diluted Shares Outstanding, as reported		46.7		48.1			47.0		48.1	
Effective Tax Rate, as reported		22%		26%			24%		25%	

(1) Represents the impact of acquisition-related adjustments for the fair value of acquired inventory and deferred revenue, changes in fair value of contingent consideration and deferred compensation & restricted stock expenses.
(2) Represents the intangible amortization related to acquired entities, including customer relationships, developed technology, software, trademarks and brand names, non-compete agreements and other intangibles.
(3) Adjusted income tax expense is calculated using the effective tax rate multiplied by the adjusted earnings from continuing operations before income taxes.

2022 Adjusted Free Cash Flow Reconciliation

	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
	2022	**2021**	**V**	**2022**	**2021**	**V**
Net cash provided by operating activities	$46	$62	($16)	$63	$82	($19)
Net cash (used for) provided by investing activities	($2)	$2	($4)	($2)	($7)	$5
Net cash provided by operating and investing activities	$45	$64	($20)	$62	$75	($14)
Add: Payments related to the sale of international, net	-	-	-	-	12	(12)
Add: Net environmental expenses	-	-	-	1	-	1
Add: Contingent consideration in excess of acquisition-date fair value (1)	-	-	-	2	-	2
Adjusted Free Cash Flow	$45	$64	($20)	$64	$87	($23)

(1) Contingent compensation payments related to 2020 acquisitions recorded as a component of net cash provided by operating activities.

2022 Segment Reported Operating Income (Loss) to Adj. EBITDA

	MINERAL FIBER			ARCHITECTURAL SPECIALTIES			UNALLOCATED CORPORATE			MINERAL FIBER			ARCHITECTURAL SPECIALTIES			UNALLOCATED CORPORATE		
	For the Three Months Ended June 30,									For the Six Months Ended June 30,								
	2022	2021	V	2022	2021	V	2022	2021	V	2022	2021	V	2022	2021	V	2022	2021	V
Operating Income (Loss), As Reported	$71	$72	($1)	$1	$7	($6)	($1)	($1)	-	$129	$133	($4)	$8	$3	$5	($2)	($3)	$1
Add: RIP expense(1)	-	-	-	-	-	-	1	1	-	-	-	-	-	-	-	2	2	-
Add (Less): Acquisition-related impacts (2)	-	-	-	8	(6)	14	-	-	-	-	-	-	10	(2)	12	-	-	-
Add: Depreciation and Amortization	17	18	(1)	4	8	(4)	-	-	-	34	35	(1)	8	16	(8)	-	-	-
Adjusted EBITDA	$89	$90	($1)	$13	$10	$3	-	-	-	$163	$168	($5)	$26	$16	$9	-	-	-
			(2%)			35%						(3%)			57%			

(1) RIP expense represents only the plan service cost related to the RIP that is recorded within Operating Income. For all periods presented, we were not required to and did not make cash contributions to our RIP.
(2) Represents the impact of acquisition-related adjustments for the fair value of acquired inventory and deferred revenue, changes in fair value of contingent consideration, deferred compensation and restricted stock expenses.

2022 Adjusted Net Sales Reconciliation

	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
	2022	2021	V	2022	2021	V
Reported Net Sales	$321	$280	$41	$604	$532	$72
Add: Deferred revenue adjustment (1)	-	-	-	-	1	(1)
Adjusted Net Sales	$321	$280	$41	$604	$533	$71

(1) Represents the impact of acquisition-related deferred revenue adjustments to fair value.

2022 Adjusted EBITDA Guidance Reconciliation

	For the Year Ending December 31, 2022		
	Low	**to**	**High**
Net Income	$232	to	$237
Add: Interest expense	24		26
(Less): RIP credit (1)	(4)		(4)
Add: Income tax expense	72		74
Operating Income	$324	to	$333
Add: RIP expense (2)	4		4
Add: Depreciation	65		67
Add: Amortization	16		17
Adjusted EBITDA	$410	to	$420

(1) RIP credit represents the actuarial net periodic benefit expected to be recorded as a component of other non-operating income. We do not expect to be and do not plan to make cash contributions to our RIP based on guidelines established by the Pension Benefit Guaranty Corporation.

(2) RIP expense represents only the plan service cost related to the RIP that is recorded within Operating Income. For all periods presented, we were not required to and did not make cash contributions to our RIP.

2022 Adjusted Diluted EPS Guidance Reconciliation

	For the Year Ending December 31, 2022				
	Low	Per Diluted Share(1)	to	High	Per Diluted Share(1)
Net Income	$232	$4.98	to	$237	$5.08
Add: Interest expense	24			26	
(Less): RIP credit (2)	(4)			(4)	
Add: Income tax expense	72			74	
Operating Income	$324		to	$333	
Add: RIP expense (3)	4			4	
(Less): Interest expense	(24)			(26)	
Add: Acquisition related amortization (4)	8			8	
Adjusted earnings before income taxes	$313		to	$319	
(Less): Income tax expense (5)	(75)			(77)	
Adjusted Net Income	$238	$5.10	to	$243	$5.20

(1) Adjusted diluted EPS guidance for 2022 is calculated based on ~46.7 million of diluted shares outstanding.
(2) RIP credit represents the actuarial net periodic benefit expected to be recorded as a component of other non-operating income. We do not expect to be required to make, nor do we plan to make cash contributions to our RIP based on guidelines established by the Pension Benefit Guaranty Corporation.
(3) RIP expense represents only the plan service cost related to the RIP and is recorded as a component of operating income. We do not expect to be required to make, nor do we plan to make cash contributions to our RIP based on guidelines established by the Pension Benefit Guaranty Corporation.
(4) Represents the intangible amortization related to acquired entities, including customer relationships, developed technology, software, trademarks and brand names, non-compete agreements and other intangibles.
(5) Income tax expense is based on an adjusted effective tax rate of 24%, multiplied by adjusted earnings before income tax.

2022 Adjusted Free Cash Flow Guidance Reconciliation

	For the Year Ending December 31, 2022		
	Low	to	High
Net cash provided by operating activities	$195	to	$215
Add: Return of investment from joint venture	95		105
Adjusted net cash provided by operating activities	$290	to	$320
(Less): Capital expenditures	(75)		(85)
Adjusted Free Cash Flow	$215	to	$235

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