Armstrong World Industries

2nd Quarter 2023 Earnings Presentation

July 25, 2023

Safe Harbor Statement

Disclosures in this presentation contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including without limitation, those relating to future financial and operational results, expected savings from cost management initiatives, the performance of our WAVE[1] joint venture, market and broader economic conditions and guidance. 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. This includes annual guidance. 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 could cause our actual results to differ materially from those projected, anticipated or implied 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-Generally Accepted Accounting Principles (“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 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 25, 2023, and will not be updated or affirmed unless and until we publicly announce updated or affirmed guidance.

1. Worthington Armstrong Joint Venture (“WAVE”).

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 Earnings Before Interest, Taxes, Depreciation and Amortization (“EBITDA”), adjusted diluted net earnings per share (“EPS”) and adjusted free cash flow. The Company excludes certain acquisition related expenses (i.e. – changes in the fair value of contingent consideration and deferred compensation accruals[1] for recent acquisitions). The Company excludes all acquisition-related amortization from adjusted net earnings and in calculations of adjusted diluted EPS. Examples of other excluded items have included plant closures, restructuring charges and related costs, impairments, separation costs and other cost reduction initiatives, environmental site expenses and related insurance recoveries, endowment level charitable contributions, and certain other gains and losses. The Company also excludes income/expense from its U.S. Retirement Income Plan (“RIP”) in the non-GAAP results as it represents the actuarial net periodic benefit credit/cost recorded.

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.

Excluding adjusted diluted EPS, non-GAAP figures are rounded to the nearest million and corresponding percentages are based on unrounded figures.

Operating Segments: “MF”: Mineral Fiber, “AS”: Architectural Specialties, “UC”: Unallocated Corporate

All dollar figures throughout the presentation are in $ millions, expect 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 each awards’ respective vesting period, as such payments are subject to the sellers’ and employees’ continued employment with the Company.

GAAP and non-GAAP Financial Results

AWI Consolidated Company Results	Q2 2023	Q2 2022	YTD 2023	YTD 2023
Net Sales	$325.4	$321.0	$635.6	$603.6
Net Earnings	$60.2	$52.2	$107.5	$96.6
Operating Income	$87.0	$71.6	$157.2	$134.8
Adj. EBITDA*	$111	$102	$207	$189
Operating Income Margin (Operating Income % of Net Sales)	26.7%	22.3%	24.7%	22.3%
Adj. EBITDA Margin* (Adj. EBITDA % of Net Sales)	34.2%	31.6%	32.6%	31.3%
Diluted Net Earnings per Share	$1.34	$1.11	$2.38	$2.05
Adj. Diluted Net Earnings per Share*	$1.38	$1.29	$2.50	$2.30
Net Cash Provided by Operating & Investing Activities	$63.2	$44.6	$87.9	$61.5
Adj. Free Cash Flow*	$73	$45	$103	$64
Net Cash Provided by Operating & Investing Activities % of Net Sales	19.4%	13.9%	13.8%	10.2%
Adj. Free Cash Flow Margin* (Adj. Free Cash Flow % of Net Sales)	22.5%	13.9%	16.2%	10.6%

Segment Results	Q2 2023			Q2 2022		
	MF	AS	UC	MF	AS	UC
Net Sales	$234.0	$91.4	-	$234.5	$86.5	-
Operating Income (Loss)	$75.5	$12.2	($0.7)	$71.4	$1.1	($0.9)
Adj. EBITDA*	$95	$17	-	$89	$13	-
Operating Income Margin (Operating Income % of Net Sales)	32.3%	13.3%	NM	30.4%	1.3%	NM
Adj. EBITDA Margin* (Adj. EBITDA % of Net Sales)	40.4%	18.5%	NM	37.8%	14.9%	NM

*Non-GAAP measure. See appendix for reconciliation to nearest GAAP measure.
“NM”: Not meaningful.

Robust Profitability Growth on Solid Execution

2nd Quarter 2023 Key Takeaways

Net Sales up 1% and **Adj. EBITDA*** up 10%

Total company Adjusted EBITDA margin* expanded 260bps

Mineral Fiber segment Adj. EBITDA* up 7%

Driven by AUV[1] improvement, moderating inflation and positive WAVE contribution; EBITDA margin* expanded 260bps to 40.4%

Architectural Specialties segment Adj. EBITDA* up 31%

Adj. EBITDA margin* expanded 360bps, driven by operating leverage

Continued strategic momentum into July

With BŌK Modern acquisition and $500M increase in share repurchase authorization

$325M (+1% VPY)
Net Sales

$111M (+10% VPY)
Adj. EBITDA*

$1.38 (+7% VPY)
Adj. Diluted EPS*

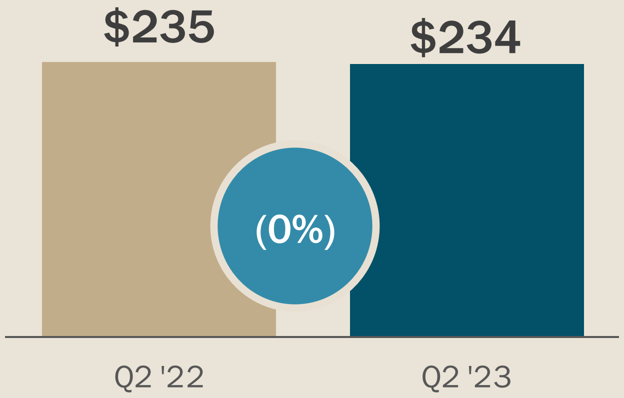
$73M (+64% VPY)
Adj. Free Cash Flow*

*Non-GAAP measure. See slide 4 and appendix for reconciliation to nearest GAAP measure.
1. Average Unit Value ("AUV"). Includes both like-for-like price and mix impacts.

Margin Expansion on Solid AUV Fall-Through & WAVE Growth

Mineral Fiber Q2 2023 Results

Net Sales Growth VPY



Adj. EBITDA* Comparison VPY	Q1	Q2
2022 Adjusted EBITDA*	$74	$89
AUV	5	14
Volume	12	(12)
Manufacturing[1]	3	3
Input Costs[2]	(10)	(2)
SG&A[3]	(3)	-
WAVE	3	4
2023 Adjusted EBITDA*	$84	$95
% Change	13%	7%

*Non-GAAP measure. See slide 4 and appendix for reconciliation to nearest GAAP measure.
1. Excludes the change in depreciation throughout the presentation.
2. Includes raw material, energy and freight impacts in addition to inventory valuation impacts.
3. Excludes the change in amortization throughout the presentation.

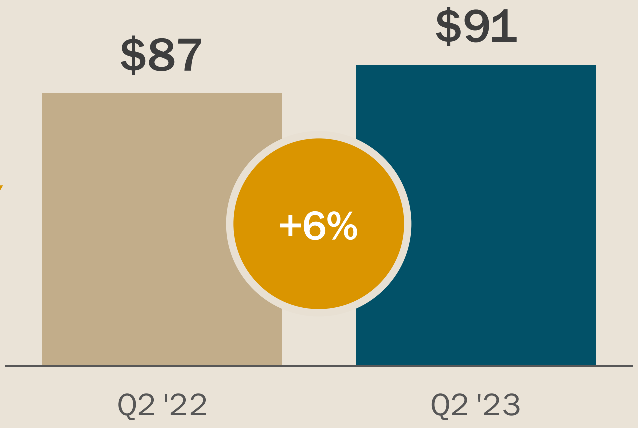
Q2 Mineral Fiber Key Highlights

- Adj. EBITDA margin* expanded 260bps year-over-year to 40.4%
- Solid topline AUV growth of 7% driven by like-for-like price
- Lower volume on softer market demand
- Steady manufacturing productivity gains across plant network
- Input cost inflation moderated with some raw materials inflating while energy costs declined
- WAVE equity earnings up double digits driven by lower steel costs

Strong Adj. EBITDA* Growth Driven by Operating Leverage

Architectural Specialties Q2 2023 Results

Net Sales Growth VPY



Adj. EBITDA* Comparison VPY	Q1	Q2
2022 Adjusted EBITDA*	$13	$13
Volume	2	7
Manufacturing[1]	(1)	(1)
SG&A[2]	(2)	(2)
2023 Adjusted EBITDA*	$12	$17
% Change	(10%)	31%

*Non-GAAP measure. See slide 4 and appendix for reconciliation to nearest GAAP measure.
1. Excludes the change in depreciation throughout the presentation.
2. Excludes the change in amortization throughout the presentation.

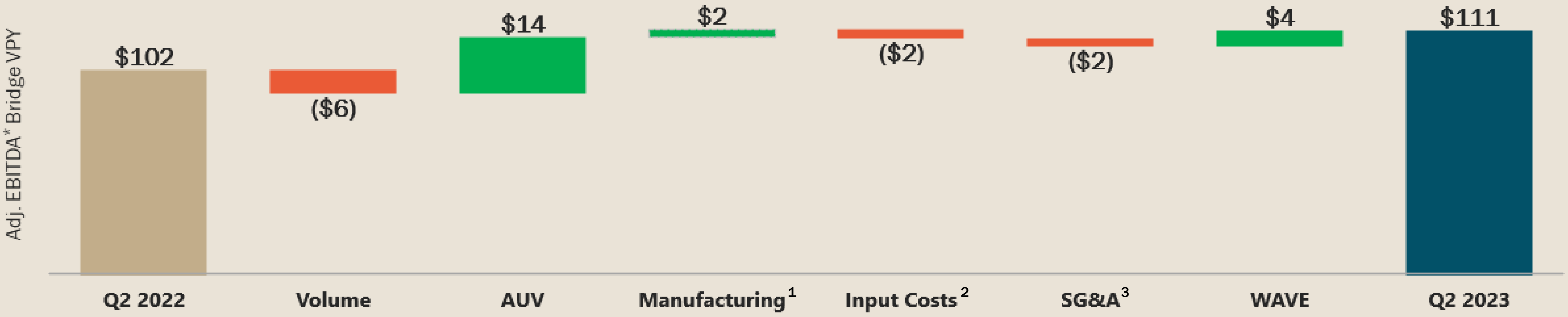
Q2 Architectural Specialties Key Highlights

- Sales growth accelerated sequentially from Q1…order intake remains strong
- Growth across most product categories
- AS EBITDA margin* expanded 360bps to 18.5%
- Robust transportation project bidding activity continues
- Acquisition of BŌK Modern in July, expanding metal category

AWI Margin Expansion with Significant Adj. Free Cash Flow* Growth

Q2 2023 Consolidated Company Key Metrics

	Q2 2022	Q2 2023	Variance
Net Sales	$321	$325	1%
Adj. EBITDA*	$102	$111	10%
Adj. EBITDA Margin* (Adj. EBITDA % of Net Sales)	31.6%	34.2%	260bps
Adj. Diluted Net Earnings Per Share*	$1.29	$1.38	7%
Adj. Free Cash Flow*	$45	$73	64%



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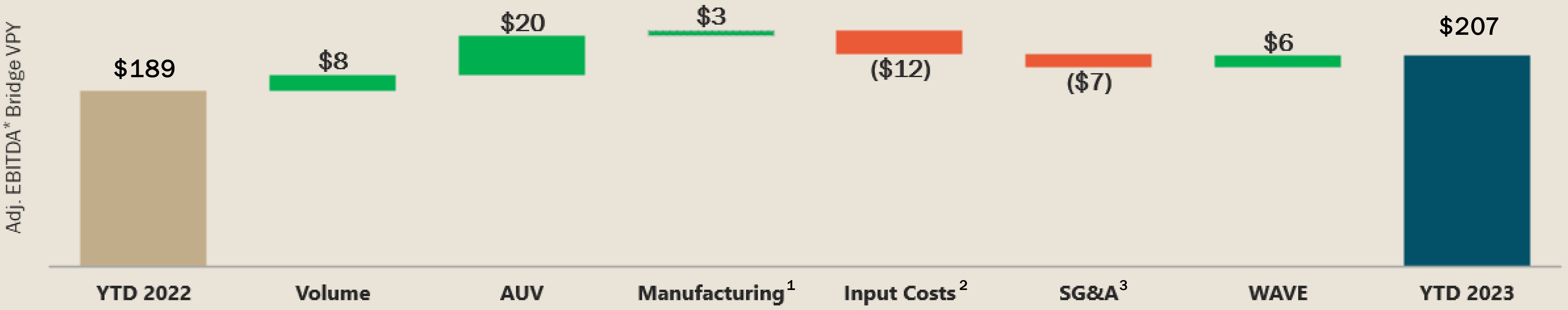
2. Includes raw material, energy and freight impacts in addition to inventory valuation impacts.
3. Excludes the change in amortization throughout the presentation.

Solid Execution Through First Half of 2023

First Half 2023 Consolidated Company Key Metrics

	YTD 2022	YTD 2023	Variance
Net Sales	$604	$636	5%
Adj. EBITDA*	$189	$207	10%
Adj. EBITDA Margin* (Adj. EBITDA % of Net Sales)	31.3%	32.6%	130bps
Adj. Diluted Net Earnings Per Share*	$2.30	$2.50	9%
Adj. Free Cash Flow*	$64	$103	60%



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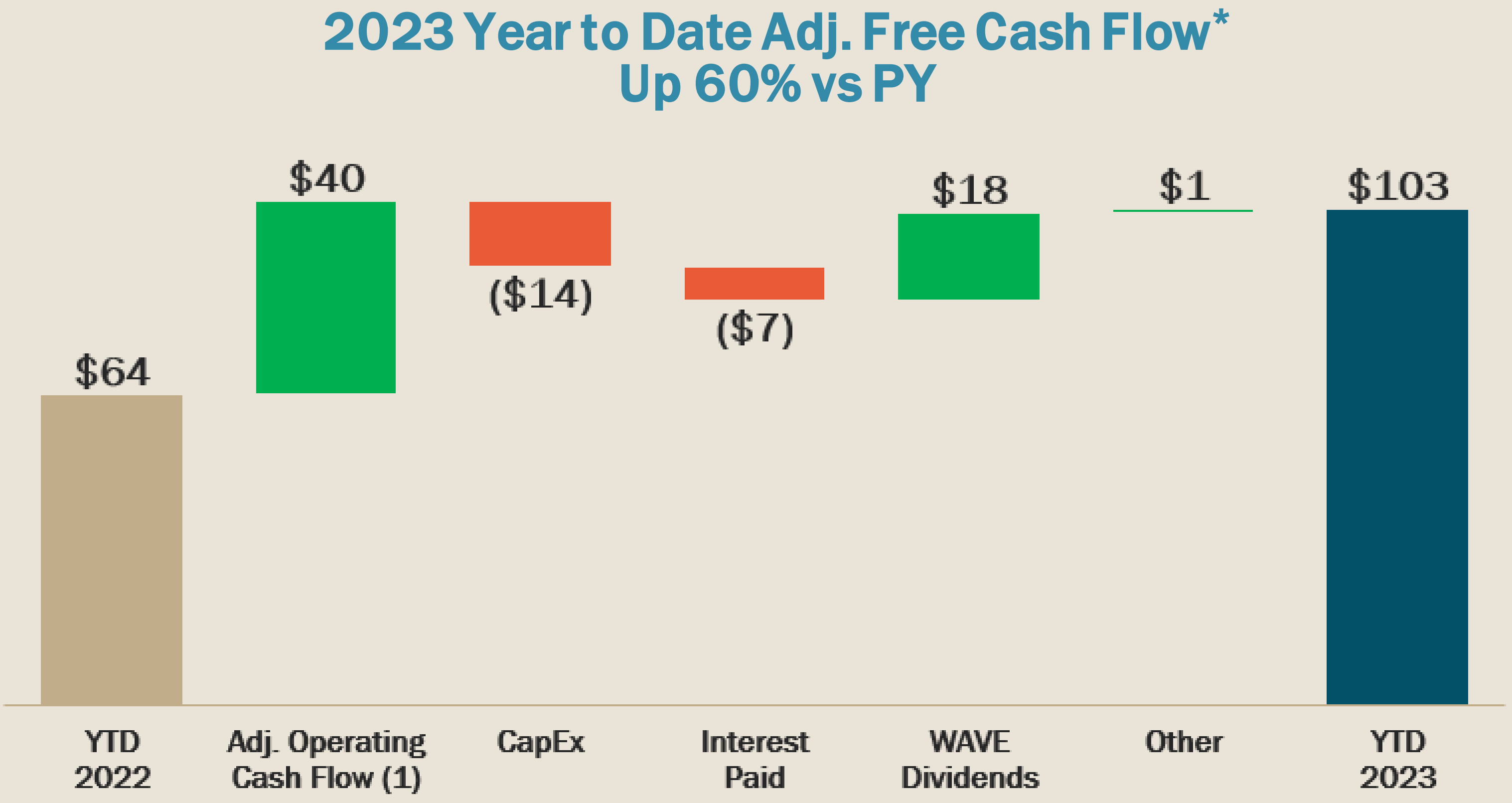
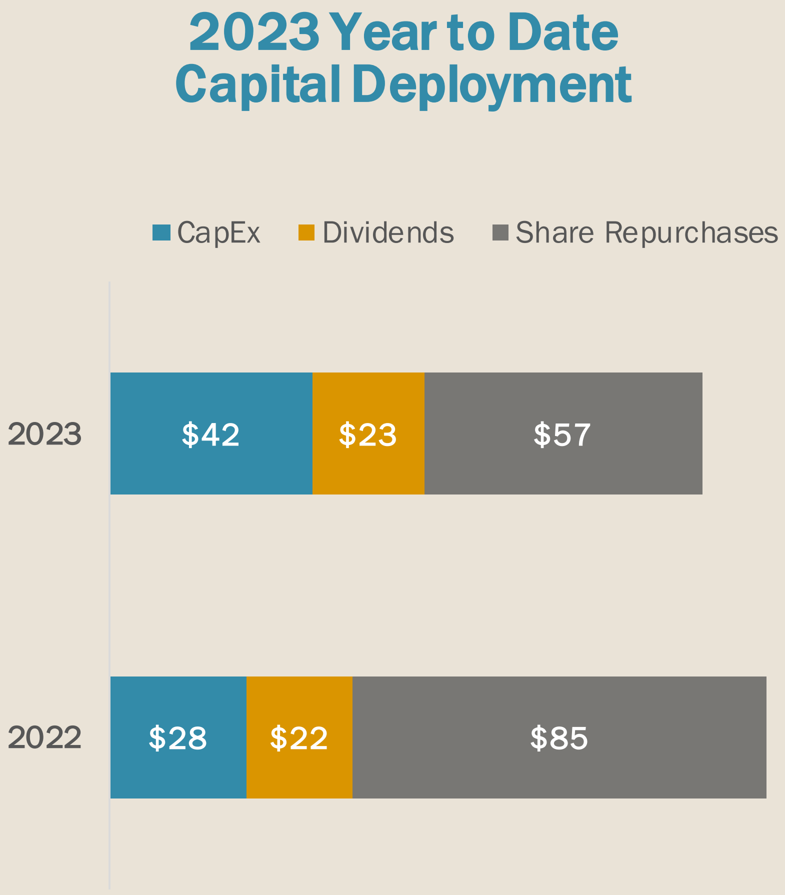
3. Excludes the change in amortization throughout the presentation.

Adjusted Free Cash Flow* Funds Balanced Capital Allocation Strategy





*Non-GAAP measure. See slide 4 and appendix for reconciliation to nearest GAAP measure.

1. Includes cash earnings, working capital and other current assets and liabilities.

Updating Full Year 2023 Guidance

Driving Growth in a Challenging Macroeconomic Environment

Net Sales
$1,265M to $1,305M
3% to 6% YoY
Prior: 2% to 6% YoY

Adjusted EBITDA*
$400M to $420M
4% to 9% YoY
Prior: 3% to 9% YoY

Adjusted Diluted EPS*
$4.85 to $5.05
2% to 7% YoY
Prior: 1% to 7%

Adjusted Free Cash Flow*
$240M to $250M
9% to 13% YoY
Prior: 4% to 13%

Commentary[1]

Improved visibility removes worst case market downturn scenario

Expect lower market demand, partially offset by initiatives, to result in low to mid-single digit MF volume decline

Expect above average MF AUV growth with historical fall-through rates

Managing investments and working capital to offset weaker macroeconomic conditions

Expect positive WAVE equity earnings versus prior year, rebounding from 2022 results

Reflects update from prior guidance

*Non-GAAP measure. See slide 4 and appendix for reconciliation to nearest GAAP measure.
1. Additional assumptions available in the appendix of this presentation.

Appendix

Full Year 2023 Assumptions

Segment	Net Sales	Adjusted EBITDA Margin*
Mineral Fiber	+1% to +5% growth YoY	>37.5% *(prior: >37%)*
Architectural Specialties[1]	>6% growth YoY	>18%

Consolidated Company Metrics	Full Year 2023
Capital expenditures	\$75M to \$85M
Depreciation and amortization	\$88M to \$90M *(prior: \$83M to \$88M)*
Interest expense	\$35M to \$38M *(prior: \$35M to \$37M)*
Book / cash tax rate	24% to 25% / ~26% *(prior: ~25% / ~25%)*
Shares outstanding	~45 million
Return of investment from joint venture	\$85M to \$95M

Shipping Days vs Prior Year	2022	2023	2024[2]
Q1	(1)	+1	-
Q2	+1	-	-
Q3	-	(1)	+1
Q4	(1)	-	+1
Full Year	(1)	-	+2

*Non-GAAP Measure. See slide 4 and appendix for reconciliation to nearest GAAP measure.
1. Assumes no contribution from future acquisitions.
2. Based on preliminary expectations. Subject to change.

Q2 2023 Adjusted EBITDA Reconciliation

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022
Net earnings	**$60**	**$52**	**$108**	**$97**
Add: Income tax expense	20	15	36	30
Earnings before income taxes	**$80**	**$67**	**$144**	**$127**
Add: Interest/other income and expense, net	7	4	13	8
Operating income	**$87**	**$72**	**$157**	**$135**
Add: RIP expense[1]	1	1	1	2
Add: Acquisition-related impacts[2]	1	8	3	10
Add: Cost reduction initiatives	-	-	3	-
Adjusted operating income	$89	$81	$164	$147
Add: Depreciation and amortization	22	21	43	42
Adjusted EBITDA	**$111**	**$102**	**$207**	**$189**
Operating income margin	26.7%	22.3%	24.7%	22.3%
Adjusted EBITDA margin	34.2%	31.6%	32.6%	31.3%

Q2 2023 Adjusted Diluted EPS Reconciliation

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022
Net earnings	**$60**	**$52**	**$108**	**$97**
Add: Income tax expense	20	15	36	30
Earnings before income taxes	**$80**	**$67**	**$144**	**$127**
(Less): RIP (credit)[3]	-	-	(1)	-
Add: Acquisition-related impacts[2]	1	8	3	10
Add: Acquisition-related amortization[4]	1	2	3	5
Add: Cost reduction initiatives	-	-	3	-
Adjusted earnings before income taxes	**$83**	**$77**	**$151**	**$142**
(Less): Adjusted income tax expense[5]	(20)	(17)	(38)	(34)
Adjusted net earnings	**$62**	**$60**	**$113**	**$108**
Diluted shares outstanding	45.0	46.7	45.2	47.0
Effective tax rate	25%	22%	25%	24%
Diluted net earnings per share	**$1.34**	**$1.11**	**$2.38**	**$2.05**
Adjusted diluted net earnings per share	**$1.38**	**$1.29**	**$2.50**	**$2.30**

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 changes in fair value of contingent consideration, deferred compensation and restricted stock expenses.
3. RIP (credit) represents the entire actuarial net periodic pension (credit) 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.
4. Represents acquisition-related intangible amortization, including customer relationships, developed technology, software, trademarks and brand names, non-compete agreements and other intangibles.
5. Adjusted income tax expense is calculated using the effective tax rate multiplied by the adjusted earnings before income taxes.

Q2 2023 Adjusted Free Cash Flow Reconciliation

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022
Net cash provided by operating activities	**$68**	$46	**$94**	$63
Net cash (used for) investing activities	**($5)**	($2)	**($6)**	($2)
Net cash provided by operating and investing activities	**$63**	$45	**$88**	$62
Add: Acquisition of co-ownership interest in software-related intellectual property	**10**	-	**10**	-
Add: Net environmental expenses	-	-	-	1
Add: Contingent consideration in excess of acquisition-date fair value[1]	-	-	**5**	2
Adjusted free cash flow	**$73**	$45	**$103**	$64

Q2 2023 Segment Adj. EBITDA Reconciliation

	For the Three Months Ended June 30,						For the Six Months Ended June 30,					
	MF		AS		UC		MF		AS		UC	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Net sales	$234	$235	$91	$87	-	-	$462	$438	$173	$166	-	-
Operating income (loss)	$76	$71	$12	$1	($1)	($1)	$139	$129	$19	$8	($2)	($2)
Add: RIP expense[2]	-	-	-	-	1	1	-	-	-	-	1	2
Add: Acquisition-related impacts[3]	-	-	1	8	-	-	-	-	3	10	-	-
Add: Cost reduction initiatives	-	-	-	-	-	-	3	-	-	-	-	-
Adjusted operating income (loss)	$76	$71	$14	$9	-	-	$142	$129	$22	$18	-	-
Add: Depreciation and amortization	19	17	3	4	-	-	37	34	6	8	-	-
Adjusted EBITDA	$95	$89	$17	$13	-	-	$179	$163	$29	$26	-	-
Operating income margin (Operating income % of net sales)	32.3%	30.4%	13.3%	1.3%	NM	NM	30.1%	29.5%	11.2%	4.6%	NM	NM
Adjusted EBITDA margin (Adjusted EBITDA % of net sales)	40.4%	37.8%	18.5%	14.9%	NM	NM	38.6%	37.3%	16.5%	15.6%	NM	NM

1. Contingent compensation payments related to 2020 acquisitions recorded as a component of net cash provided by operating activities.
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.
3. Represents the impact of acquisition-related adjustments for changes in fair value of contingent consideration, deferred compensation and restricted stock expenses.

"NM": Not meaningful.

2023 Adj. EBITDA Guidance Reconciliation

	For the Year Ending December 31, 2023	
	Low	High
Net earnings	$208	$217
Add: Income tax expense	67	73
Earnings before income taxes	$275	$290
Add: Interest expense	35	38
Add: Other non-operating (income), net	(8)	(9)
Operating income	$302	$319
Add: RIP expense[1]	3	3
Add: Acquisition-related impacts[2]	4	5
Add: Cost reduction initiatives	3	3
Adjusted operating income	$312	$330
Add: Depreciation and amortization	$88	$90
Adjusted EBITDA	$400	$420

2023 Segment Adj. EBITDA Margin Guidance Reconciliation

	Full Year 2023 (Supports low-end Adj. EBITDA Margin % assumption)		
	MF	AS	UC
Net sales	$896	$366	$ -
Operating income (loss)	$256	$50	($3)
Add: RIP expense[1]	-	-	3
Add: Acquisition-related impacts[2]	-	4	-
Add: Cost reduction initiatives	3	-	-
Adjusted operating income	$259	$54	-
Add: Depreciation and amortization	77	11	-
Adjusted EBITDA	$336	$66	$ -
Operating income margin (Operating income % of net sales)	29%	14%	NM
Adjusted EBITDA margin (Adjusted EBITDA % of net sales)	37.5%	18%	NM

Note: Assumes rounding to sum segments to consolidated company figures.
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 deferred compensation and restricted stock expenses.
"NM": Not meaningful.

2023 Adj. Diluted EPS Guidance Reconciliation

	For the Year Ending December 31, 2023	
	Low	High
Net earnings	$208	$217
Add: Income tax expense	67	73
Earnings before income taxes	$275	$290
Add: RIP (credit)[1]	(1)	(1)
Add: Acquisition-related impacts[2]	4	5
Add: Acquisition-related amortization[3]	5	6
Add: Cost reduction initiatives	3	3
Adjusted earnings before income taxes	$286	$304
(Less): Adjusted income tax expense[4]	(69)	(76)
Adjusted net earnings	$217	$228
Diluted shares outstanding	~45M	~45M
Effective tax rate	~24%	~25%
Diluted net earnings per share	$4.62	$4.82
Adjusted diluted net earnings per share	$4.85	$5.05

2023 Adj. Free Cash Flow Guidance Reconciliation

	For the Year Ending December 31, 2023	
	Low	High
Net cash provided by operating activities	$230	$240
Add: Return of investment from joint venture	85	95
Adjusted net cash provided by operating activities	$315	$335
(Less): Capital expenditures	(75)	(85)
Adjusted Free Cash Flow	$240	$250

1. RIP (credit) represents the entire actuarial net periodic pension (credit) recorded as a component of Net earnings. We do not expect to make cash contributions to our RIP.
2. Represents the impact of acquisition-related adjustments for deferred compensation and restricted stock expenses.
3. Represents acquisition-related intangible amortization, including customer relationships, developed technology, software, trademarks and brand names, non-compete agreements and other intangibles.
4. Adjusted income tax expense is based on an adjusted effective tax rate of ~24% for the low end and ~25% for the high end, multiplied by adjusted earnings before income tax.