Armstrong
World Industries

1st Quarter 2024 Earnings Presentation

April 30, 2024

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 Form 10-Q filed with the U.S. Securities and Exchange Commission (“SEC”), including our quarterly report for the three months ended March 31, 2024, that the Company expects to file today. 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 in the United States (“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 is 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, April 30, 2024, 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 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 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 environmental 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, except share and per share data, and all comparisons are versus the applicable prior-year period unless otherwise noted. Figures may not sum due to rounding.

1. The deferred compensation accruals were for cash and stock awards that are recorded over each awards’ respective vesting period, as such payments were subject to the sellers’ and employees’ continued employment with the Company.

GAAP and non-GAAP Financial Results

AWI Consolidated Results	Q1 2024	Q1 2023
Net sales	$326.3	$310.2
Net earnings	$59.9	$47.3
Operating income	$86.1	$70.2
Adj. EBITDA*	$111	$96
Operating income margin (operating income % of net sales)	26.4%	22.6%
Adj. EBITDA margin* (Adj. EBITDA % of net sales)	33.9%	30.9%
Diluted net earnings per share	$1.36	$1.04
Adj. diluted net earnings per share*	$1.38	$1.12
Net cash provided by operating & investing activities	$32.3	$24.7
Adj. free cash flow*	$43	$30
Net cash provided by operating & investing activities % of net sales	9.9%	8.0%
Adj. free cash flow margin* (Adj. free cash flow % of net sales)	13.3%	9.6%

Segment Results	Q1 2024			Q1 2023		
	MF	AS	UC	MF	AS	UC
Net sales	$239.6	$86.7	-	$228.4	$81.8	-
Operating income (loss)	$79.2	$7.7	($0.8)	$63.8	$7.2	($0.8)
Adj. EBITDA*	$99	$12	-	$84	$12	-
Operating income margin (operating income % of net sales)	33.1%	8.9%	NM	27.9%	8.8%	NM
Adj. EBITDA margin* (Adj. EBITDA % of net sales)	41.2%	14.0%	NM	36.8%	14.3%	NM

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

Delivering Strong Earnings and Cash Flow Growth

1st Quarter 2024 Key Takeaways

AWI net sales up 5% and adj. EBITDA* up 16%

Total company adj. EBITDA margin* expanded 300bps to 33.9%

Mineral Fiber segment adj. EBITDA* up 18%

Adj. EBITDA margin* expanded 450bps to 41.2%, with strong AUV[1] improvement and healthy contribution from WAVE[2] equity earnings

Architectural Specialties segment adj. EBITDA* up 4%

Steady sales growth pressured by modest cost headwinds and project timing

Raising 2024 Guidance

Reflecting acquisition of 3form, LLC and improved Mineral Fiber profitability

$326M (+5% VPY)
Net Sales

$111M (+16% VPY)
Adj. EBITDA*

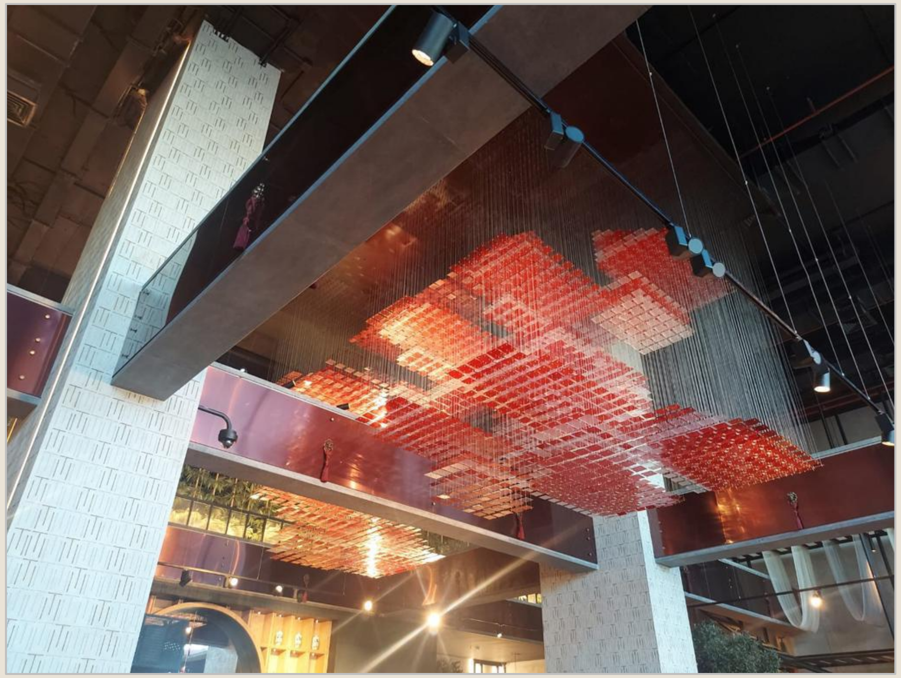
$1.38 (+23% VPY)
Adj. Diluted EPS*

$43M (+46% VPY)
Adj. Free Cash Flow*

*Non-GAAP measure. See appendix for reconciliation to nearest GAAP measure.
1. Average Unit Value ("AUV"). Includes both like-for-like price and mix impacts.
2. Worthington Armstrong Joint Venture ("WAVE").

3form Acquisition Expands Architectural Specialties Product Portfolio

Enhances relationship with architects and designers and strengthens AWI's market position



3form at a Glance

A design-driven category leader in translucent finishings

~390 employees

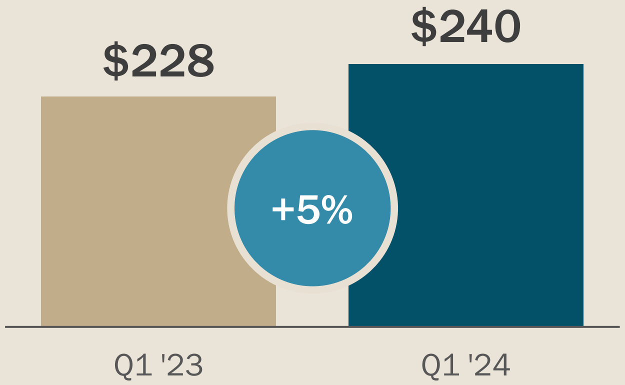
3 production facilities

~$96M of sales in 2023

Robust Adj. EBITDA Margin* Expansion on Strong AUV & WAVE

Mineral Fiber Q1 2024 Results

Net Sales Growth VPY



Adj. EBITDA* VPY	Q1
2023 Adj. EBITDA*	$84
AUV	13
Volume	(5)
Manufacturing[1]	-
Input Costs[2]	4
SG&A[3]	(4)
WAVE	7
2024 Adj. EBITDA*	$99
% Change	18%

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

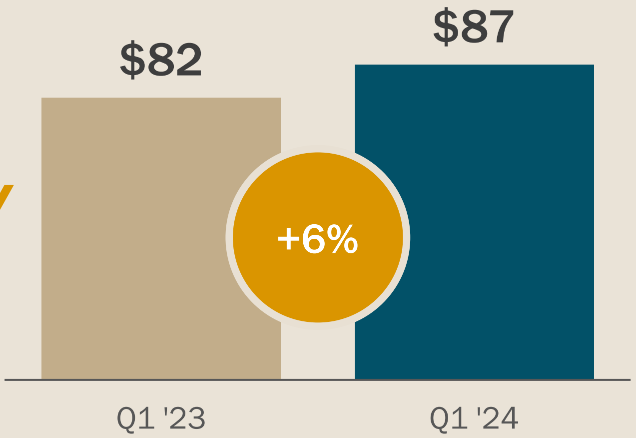
Q1 Mineral Fiber Key Highlights

- 8% topline AUV growth driven by favorable like-for-like pricing and favorable mix
- Negative volumes driven by lapping prior-year home center inventory build
- Adj. EBITDA margin* expanded 450bps to 41.2%
- Strong WAVE contribution with higher volumes and margin improvement
- Advancing innovative ceiling tiles focused on reducing the carbon footprint in the built environment

Consistent Sales Growth Pressured by Project Timing

Architectural Specialties Q1 2024 Results

Net Sales Growth VPY



Adj. EBITDA* Comparison VPY	Q1
2023 Adj. EBITDA*	**$12**
Sales	4
Manufacturing[1]	(1)
SG&A[2]	(2)
2024 Adj. EBITDA*	**$12**
% Change	**4%**

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

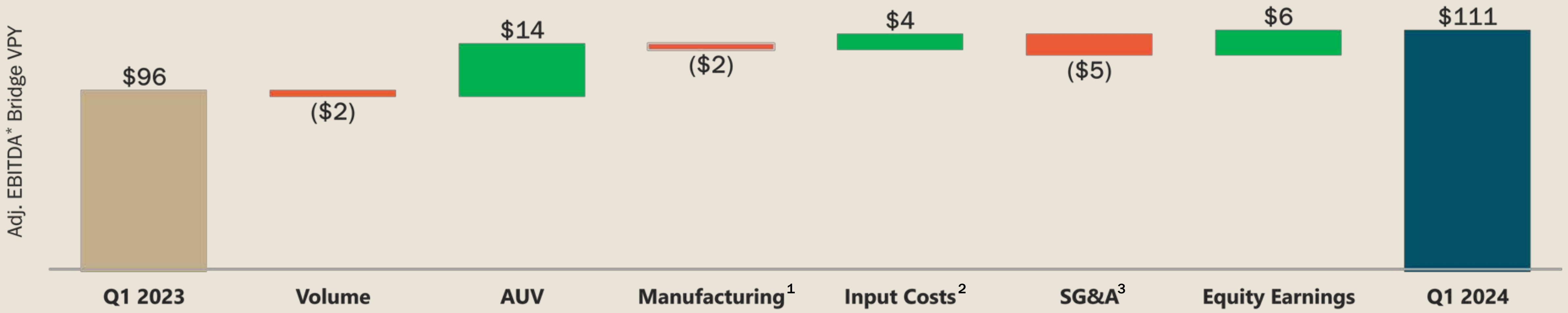
Q1 Architectural Specialties Key Highlights

- Sales growth driven by 2023 acquisition of BOK Modern and strength in metal category
- Adj. EBITDA margin* compressed 20bps on modest cost headwinds
- Choppy start to the year … continuing to monitor project timelines and overall market backdrop
- Transportation bidding activity remains strong and supports multi-year opportunity

Strong AUV & WAVE Earnings Drives Adj. EBITDA Margin* Expansion

Q1 2024 Consolidated Company Key Metrics

	Q1 2023	Q1 2024	Variance
Net Sales	$310	$326	5%
Adj. EBITDA*	$96	$111	16%
Adj. EBITDA Margin* (Adj. EBITDA % of Net Sales)	30.9%	33.9%	300bps
Adj. Diluted Earnings Per Share*	$1.12	$1.38	23%
Adj. Free Cash Flow*	$30	$43	46%



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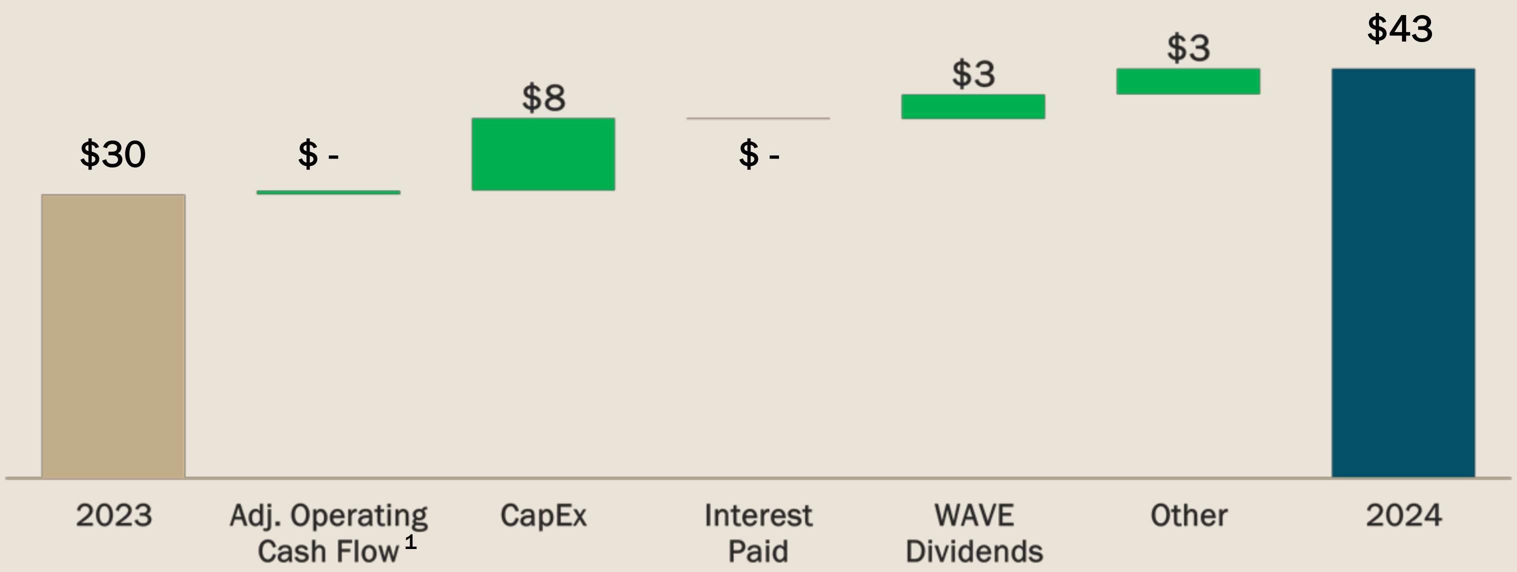
2. Includes raw material, energy and freight impacts, in addition to inventory valuation impacts.
3. Excludes the change in depreciation and amortization throughout the presentation.

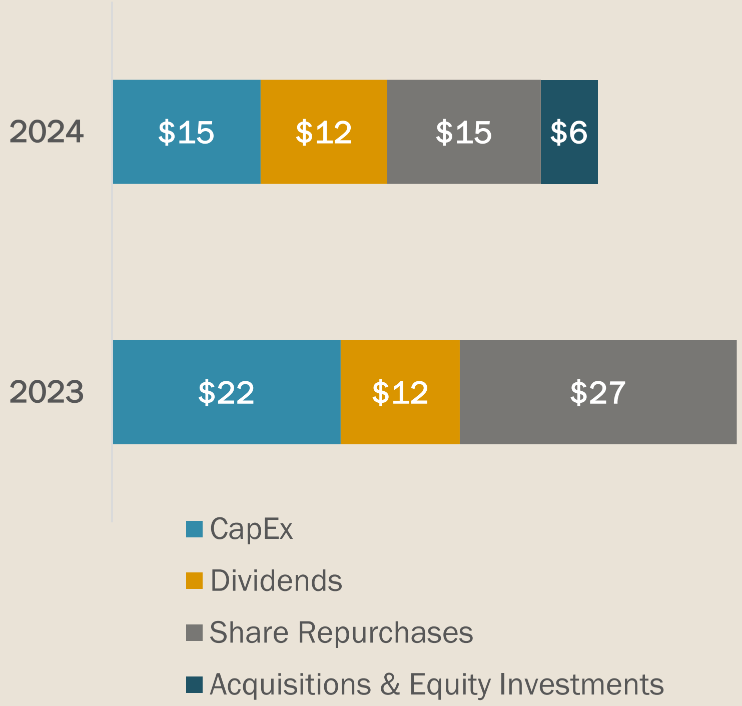
Substantial Adjusted Free Cash Flow* Growth to Start the Year

Cash flow generation supports all capital allocation priorities

Q1 2024 Adj. Free Cash Flow* Up 46% vs Prior Year



Q1 2024 Capital Deployment



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

Raising Full Year 2024 Guidance

Remaining focused on solid execution and margin expansion

Net Sales Growth **$1,395M to $1,435M** 8% to 11% YoY Prior: **$1,335M to $1,375M** 3% to 6% YoY	**Adj. EBITDA*** **$465M to $485M** 8% to 13% YoY Prior: **$450M to $470M** 5% to 9% YoY
Adj. Diluted EPS* **$5.80 to $6.05** 9% to 14% YoY Prior: **$5.60 to $5.90** 5% to 11% YoY	**Adj. Free Cash Flow*** **$285M to $300M** 8% to 14% YoY Prior: **$275M to $290M** 5% to 10% YoY

Commentary[1]

- Expecting slower economic growth in 2H
- Initiatives partially offset lower market demand, resulting in MF volume down low-single digits
- MF AUV grows at historic average and improved WAVE performance, driving margin expansion
- AS segment continues to penetrate fragmented market & deliver profitable growth
- Includes contribution from recently announced 3form acquisition

Reflects update from prior guidance

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

Appendix

Updating Full Year 2024 Assumptions

Segment[1]	Net Sales	Adjusted EBITDA Margin*
Mineral Fiber	+2% to +5% growth	>40% (prior: ~40%)
Architectural Specialties	+21% to +24% growth (prior: +6% to +9%)	~18% (prior: ~19%)

Consolidated Metrics	Full Year 2024
Capital expenditures	$80M to $90M
Depreciation and amortization	$96M to $104M (prior: $90M to $100M)
Interest expense	$40M to $42M
Book / cash tax rate	~25%/ 25% to 26%
Shares outstanding	~44M (prior: ~43M to 44M)
Return of investment from joint venture	$94M to $104M (prior: $85M to $95M)

Shipping Days vs Prior Year	2023	2024	2025[2]
Q1	+1	-	-
Q2	-	-	-
Q3	(1)	+1	-
Q4	-	+1	-
Full Year	-	+2	-

*Non-GAAP Measure.

1. Architectural Specialties includes recent acquisition of 3form but does not reflect any other future acquisitions.
2. Based on preliminary expectations. Subject to change.

Adjusted EBITDA Reconciliation

	For the Three Months Ended March 31,	
	2024	2023
Net sales	$326	$310
Net earnings	$60	$47
Add: Income tax expense	20	17
Earnings before income taxes	$80	$64
Add: Interest/other income and expense, net	6	6
Operating income	$86	$70
Add: RIP expense[1]	1	1
Add: Acquisition-related impacts[2]	-	1
Add: Cost reduction initiatives	-	3
Adjusted operating income	$86	$75
Add: Depreciation and amortization	24	21
Adjusted EBITDA	$111	$96
Operating income margin	26.4%	22.6%
Adjusted EBITDA margin	33.9%	30.9%

Adjusted Diluted EPS Reconciliation

	For the Three Months Ended March 31,	
	2024	2023
Net earnings	$60	$47
Add: Income tax expense	20	17
Earnings before income taxes	$80	$64
Add: Acquisition-related impacts[2]	-	1
Add: Acquisition-related amortization[3]	2	1
Add: Cost reduction initiatives	-	3
Adjusted net earnings before income taxes	$82	$69
Less: Adjusted income tax expense[4]	(21)	(18)
Adjusted net earnings	$61	$51
Diluted shares outstanding	44.1	45.5
Effective tax rate	25%	26%
Diluted net earnings per share	$1.36	$1.04
Adjusted diluted net earnings per share	$1.38	$1.12

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. 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 calculated using the effective tax rate multiplied by the adjusted earnings from continuing operations before income taxes.

Adjusted Free Cash Flow Reconciliation

	For the Three Months Ended March 31,	
	2024	2023
Net cash provided by operating activities	$26	$26
Net cash provided by (used for) investing activities	$6	($2)
Net cash provided by operating and investing activities	$32	$25
Add: Acquisitions, net	6	-
Add: Contingent consideration in excess of acquisition-date fair value[1]	-	5
Add: Arktura deferred compensation[2]	6	-
Adjusted free cash flow	$43	$30

Segment Adj. EBITDA Reconciliation

	For the Three Months Ended March 31,					
	MF		AS		UC	
	2024	2023	2024	2023	2024	2023
Net sales	$240	$228	$87	$82	-	-
Operating income (loss)	$79	$64	$8	$7	($1)	($1)
Add: RIP expense[3]	-	-	-	-	1	1
Add: Acquisition-related impacts[4]	-	-	-	1	-	-
Add: Cost reduction initiatives and other	-	3	-	-	-	-
Adjusted operating income	$79	$66	$8	$8	-	-
Add: Depreciation and amortization	20	18	4	3	-	-
Adjusted EBITDA	$99	$84	$12	$12	-	-
Operating income margin (Operating income % of net sales)	33.1%	27.9%	8.9%	8.8%	NM	NM
Adjusted EBITDA margin (Adjusted EBITDA % of net sales)	41.2%	36.8%	14.0%	14.3%	NM	NM

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

"NM": Not meaningful.

2024 Adj. EBITDA Guidance Reconciliation

	Full Year 2024	
	Low	High
Net earnings	**$253**	**$259**
Add: Income tax expense	84	86
Earnings before income taxes	**$337**	**$345**
Add: Interest expense	40	42
Add: Other non-operating (income), net	(10)	(8)
Operating income	**$367**	**$379**
Add: RIP expense[1]	2	2
Adjusted operating income	**$369**	**$381**
Add: Depreciation and amortization	96	104
Adjusted EBITDA	**$465**	**$485**

2024 Adj. Free Cash Flow Guidance Reconciliation

	Full Year 2024	
	Low	High
Net cash provided by operating activities	**$271**	**$286**
Add: Return of investment from joint venture	94	104
Adjusted net cash provided by operating activities	**$365**	**$390**
Less: Capital expenditures	(80)	(90)
Adjusted Free Cash Flow	**$285**	**$300**

2024 Adj. Diluted EPS Guidance Reconciliation

	Full Year 2024	
	Low	High
Net earnings	**$253**	**$259**
Add: Income tax expense	84	86
Earnings before income taxes	**$337**	**$345**
Add: RIP (credit)[2]	(2)	(1)
Add: Acquisition-related amortization[3]	7	8
Adjusted earnings before income taxes	**$342**	**$352**
Less: Adjusted income tax expense[4]	(86)	(88)
Adjusted net earnings	**$256**	**$264**
Diluted net earnings per share[5]	$5.74	$5.91
Adjusted diluted net earnings per share[5]	**$5.80**	**$6.05**

1. RIP expense represents only the plan service cost related to the RIP that is recorded within Operating income. We do not expect to make cash contributions to our RIP.
2. 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.
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 ~25%, multiplied by adjusted earnings before income tax.
5. Based on ~44 million shares outstanding.